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SUPPLY OPERATIONS OF MAJOR REGIONAL COOPERATIVES

YEARS ENDING 1974 AND 1975



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HIGHLIGHTS

Nineteen major regional cooperatives realized \$492 million worth of net savings, before income taxes, in procuring production supplies and equipment for their members in 1975. This was about 8.6 percent on a combined net volume of \$5.3 billion. Twelve of the group also had net savings of \$52 million on \$1.9 billion worth of farm products marketed.

Total net savings on all supply and marketing operations thus were \$544 million—equal to a return of 38 percent on the cooperatives' member equity or net worth of about \$1.4 billion. About \$179 million was paid in cash as dividends on stock and patronage refunds, and \$240 million was distributed as noncash patronage refunds. In addition, \$62 million worth of revolving capital was retired in cash during the year.

Most of the supply sales were at wholesale although 10 regionals had some retail sales. Petroleum constituted 33 percent of total supply sales, fertilizer 27 percent, feed 20 percent, pesticides 5 percent, seed 2 percent, and general farm and home supplies and equipment 13 percent.

The 19 regionals were owned by 6,704 local cooperatives who had more than 3.2 million farmer memberships, and by 691,536 farmers who were direct members. The regionals had a total of 287 directors on their boards and employed 43,542 people in 1975.

Supply services were provided by 66 distribution warehouses, 89 feed mills, 5 nitrogen plants, 2 ammonium phosphate plants, 7 oil refineries, 44 seed processing plants, and many other facilities. The regionals also jointly owned several other fertilizer, petroleum, and seed plants.

Farmers and their local cooperatives had an equity ownership of about \$1.44 billion in these 19 regional cooperatives in 1975. This represented 38 percent of the \$3.8 billion worth of assets employed.

Six other major regional cooperatives and 7 national or interregional cooperatives were not included in this report.

SUPPLY OPERATIONS OF MAJOR REGIONAL COOPERATIVES

YEARS ENDING 1974 AND 1975

By J. Warren Mather
Assistant Administrator

At the outset of World War II, officials of several regional cooperatives recognized the need for a publication to indicate to Federal and State agencies the importance of agricultural cooperatives in providing farmers with essential production supplies and equipment. Among the critical items at that time were petroleum, farm equipment, and other steel products. As a result, publication of this handbook was begun in 1942, with information voluntarily supplied by 17 major regional farm supply associations in the United States.

Publication of the handbook has been continued annually to help farm leaders, educational institutions, Government agencies, and others to better understand the operations, trends, and progress of cooperatives handling supplies, and the benefits farmers derive from these associations.

Handbooks were published annually through 1957; since then they have been issued biennially except for 1966 and 1967 and for 1970 and 1971.

This report contains information provided and approved by 19 major regional cooperatives handling farm supplies and equipment. Their common characteristics are:

1. They handle a diversified line of supplies and equipment, such as feed, seed, fertilizer, petroleum, and general supplies and equipment used primarily in farming operations. Some supplies are used in farm homes and by nonfarmers.
2. Each had net sales of more than \$50 million in 1975.
3. They either wholesale supplies to local retail cooperatives, or retail supplies directly to farmers over an entire State or several States; or perform both functions.

The cooperatives in this report are the same ones as those in FCS Research Report 29 covering their 1972-73 and 1973-74 business years.

ASSOCIATION REPORTS FOR 19 MAJOR REGIONAL COOPERATIVES

This section contains information supplied and approved by each of the individual regional cooperatives. They are listed in order of their net sales of supplies in 1975.

Organizational features include date organized, area served, number of members, financial requirements for membership, voting provisions, number and terms of directors, and number of employees.

Operating and financial data include type and number of retail outlets, sales of farm supplies and farm products, by type; cash payments of dividends, refunds, and revolving capital; condensed balance sheets; itemized member equities; and type and capacity of principal facilities.

Farmland Industries, Inc.

Farmland Industries, Inc., with headquarters in Kansas City, Mo., was organized in 1929 as the Union Oil Company. It soon became the Consumers Cooperative Association and operated under this name until September 1966.

The company is organized on a cooperative basis and is owned and controlled by its members. Membership in the company is obtained by purchasing one \$25 share of the company's common stock. Membership is limited to producers of agricultural products or associations of such producers who patronize the company. Each holder of common stock (each member) is entitled to only one vote at stockholders meetings, regardless of the number of shares owned or held. Presently, there are 2,160 member

associations in the States of Colorado, Iowa, Kansas, Missouri, Nebraska, Oklahoma, South Dakota, and Wyoming and in parts of Arizona, Arkansas, Idaho, Illinois, Kentucky, Minnesota, Montana, New Mexico, North Dakota, Ohio, Oregon, Texas, Wisconsin, and Utah. These local farmer cooperatives have about 500,000 members. Farmland has management advisory agreements with 74 local member cooperatives.

Farmland has 22 directors elected by its members for staggered terms of 3 years. Twenty-one directors are elected by districts, and one is a director-at-large.

Operations of the company and its 17 consolidated subsidiaries may be classified into two general areas. Most important is the wholesale supply operation which in 1975 comprised 82 percent of total sales. Major products sold at wholesale are petroleum, feed, fertilizer, and other input factors of agricultural production such as steel buildings, bulk feed tanks, grain, and application equipment. A substantial portion of these products is manufactured in plants owned by the company or its subsidiaries.

Food marketing operations comprised the remaining 18 percent of consolidated sales. Major products marketed include processed pork (bacon, hams, etc.), dressed turkeys, beef, and pre-cooked entrees. Food products are all processed in plants owned by the company's wholly owned subsidiary, Farmland Foods, Inc., and its subsidiary, Farmland Food Services, Inc. Members of Farmland Foods receive patronage refunds on the livestock and poultry they sell to Farmland Foods.

Farmland Industries, Inc., through its wholly owned subsidiary, CRA, Inc., and its majority-owned subsidiaries, Terra Resources, Inc., and Farmland International Energy Company, is engaged in an integrated petroleum operation. CRA operates three refineries with an aggregate capacity to process 78,000 barrels (42 gallons per barrel) of crude oil per day and four gas plants with an aggregate capacity to process 73 million cubic feet of gas per day. CRA, Inc., Terra Resources, Inc., and Farmland International Energy Co., produce about 18 percent of the crude oil processed by CRA refineries. Through ownership of 31 percent of National Cooperative Refinery Association's (NCRA) stock, Farmland Industries, Inc., receives 31 percent of the output of NCRA's refinery. This refinery has a daily capacity of 50,000 barrels of crude oil per day.

Phosphate and nitrogen fertilizer production is conducted through the company's own facilities and through its wholly owned subsidiary, Farmers Chemical Company and 75-percent-owned subsidiary, Cooperative Farm Chemical Association. During 1975, the company and its subsidiaries produced 2.7 million tons of fertilizer—about 91 percent of the total units sold. Through 100-percent ownership of Missouri Chemical Company, St. Joseph, Mo., Farmland engages in production of atrazine and other chemicals used in agricultural production.

Farmland Industries, Inc., operated 17 feed processing mills during 1975 and completed a new 50,000-ton-per-year mill at Dodge City, Kans., that commenced operations in 1976. These feed mills produced 528,000 tons of beef, pork, and poultry feed during the year. One soybean mill with an aggregate capacity of 96,000 tons per year produced 74,000 tons of soybean meal during 1975. A new 660,000-ton-per-year soybean plant was completed in 1976.

In addition to its petroleum, fertilizer and feed production, Farmland Industries, Inc., engages directly in producing batteries, grease, and paint and fabricates steel products such as custom steel buildings, grain storage facilities, hog feeders, and farm gates.

Farmland Foods, Inc., a majority-owned subsidiary and Farmland Agriservices, a wholly owned subsidiary of Farmland Industries, are described in a later section covering the marketing of farm products.

As a service for its local cooperative member associations, Farmland Industries has three wholly owned subsidiaries: The Cooperative Finance Association, Inc., (CFA), primarily to supplement the sources of credit available to its member associations; Farmland Insurance Agency, Inc., (FIA), to provide property, casualty, and group life insurance to local member cooperatives and to affiliated wholesale and manufacturing cooperatives; and Farmland Life Insurance Company, (and its wholly owned subsidiary Farmland Insurance Co.) to provide a full line of life, accident, and health insurance to farmers and ranchers.

Supply and marketing sales of Farmland Industries and its subsidiaries in the last 2 fiscal years are shown in table 1.

Sales of products in fiscal 1975 included 1.1 million tons of feed, 2.9 million tons of fertilizer, and 1.4 billion gallons of

refined fuels. Sales in fiscal 1974 included 1.2 million tons of feed, 2.5 million tons of fertilizer, and 1.3 billion gallons of refined fuels.

In 1975, Farmland and its subsidiaries produced 66 percent of the petroleum products, 45 percent of the fertilizer, 58 percent of the feed, and 7 percent of the other farm supplies provided to patrons.

In the past decade, Farmland has become increasingly active in cooperative marketing. In June 1970, all food processing and marketing activities were transferred to a 99.9-percent-owned cooperative subsidiary, Farmland Foods, Inc., which took over the operations of Farmbest, Inc., Denison, Iowa, and Producers Packing Co., Garden City, Kans., separate cooperatives sponsored by Farmland. Farmland Foods thus operates a beef packing plant at Garden City, Kans.; two hog slaughtering plants at Denison, Iowa, and Iowa Falls, Iowa; a pork canning plant at Carroll, Iowa; and a turkey processing plant at Cheraw, Colo. A new 3,500-head-per-day hog slaughtering and cutting plant at Crete, Nebr., opened in November 1975.

In October 1973, Farmland Foods acquired a wholly owned subsidiary, Intercontinental Food Industries, Inc., (now Farmland Food Services, Inc.). Farmland Food Services operates a plant in Chicago that is completely automated for production of pre-cooked foods, frozen, or ready-to-eat. Products of this plant are sold to institutional customers and at retail under Farmland Foods' brand name.

A companion corporation, Farmland Agriservices, Inc., a wholly owned subsidiary of Farmland Industries, provides a cattle, hog, and turkey purchasing service for Farmland Foods, a hatchery and a farm with facilities for raising turkeys; a research farm in Wyandotte County, Kans., that tests Farmland Industries' products and conducts livestock experimentation; and four boar testing stations at Ida Grove, Eagle Grove and Lisbon, Iowa, and Clarkson, Nebr., to help farmers select the kind of breeding stock necessary to produce meat-type hogs at the lowest possible feed cost.

Marketing volume of Farmland in the last 2 years is shown in table 2.

Net margins of Farmland and its consolidated subsidiaries totaled \$196.9 million in fiscal 1975 (table 3). Farm supplies con-

tributed all of the net margins in both fiscal 1975 and 1974. Food marketing operations resulted in a loss in 1975 and 1974.

Farmland developed an Ownership Retirement Plan that became effective in September 1972. Under the program, Farmland will participate on a pro rata basis with the locals in retiring equities of deceased and retired members. Farmland's share of the total cash paid by the local cooperative during the year to estates and retired members is the percentage of the local's total members' equity. During 1975, Farmland paid \$1,376,000 to 471 local cooperatives under the Ownership Retirement Plan.

In fiscal 1975, Farmland made additional cash payments of \$4,166,000 to call preferred stock originally issued to member cooperatives as part of the patronage refunds in 1960 and 1961, \$2,000 to redeem patrons' equity reserves issued before 1967, and \$376,000 to liquidating and merging cooperatives. In the previous year, fiscal 1974, \$4,154,000 worth of preferred stock and \$9,000 worth of patron equity reserves were redeemed and \$530,000 was paid to liquidating and merging cooperatives. All of Farmland's revolving capital certificates have been redeemed, and patrons' equity reserve credits can be paid whenever voted by the board of directors.

Total cash returned to patrons, excluding interest on certificates of indebtedness and dividends, totaled \$96.8 million in fiscal 1975 and \$49.9 million in fiscal 1974.

Net margins of Farmland and its consolidated subsidiaries from organization in 1929 through August 31, 1975, have totaled \$627,790,000. These margins have been distributed as follows: \$40,984,000 for income taxes; \$299,636,000 for cash payment of patronage refunds and dividends on capital stock; \$241,677,000 for patrons' investment in capital stock and allocated reserves; and \$45,493,000 to general surplus.

The financial position and net worth items of Farmland and its consolidated subsidiaries are shown in tables 4 and 5.

Farmland and its consolidated subsidiaries also had invested \$11.5 million in other federations of regional cooperatives that owned various manufacturing and wholesaling facilities on August 31, 1975. (These investments are included in "other assets" in the consolidated balance sheet.)

Farmland and its consolidated subsidiaries had 6,569 employees on August 31, 1975. These consisted of 2,915 employ-

ees engaged in general administrative activities; 614 in oil production and refining; 2,099 in manufacturing and wholesale distribution, including warehousing and transportation; and 941 in processing and marketing farm products.

The type and capacities of principal facilities owned by Farmland and subsidiaries at the end of fiscal 1975 are shown in table 6.

Table 1 — Farm and home supply sales and volume of farm products marketed by Farmland and its consolidated subsidiaries, fiscal years ended August 31

Commodity	1975	1974
<i>1,000 dollars</i>		
<i>Farm supply sales:</i>		
Petroleum products and byproducts	470,540	382,871
Fertilizer	517,448	323,355
Feed	159,454	171,539
General farm and home supplies, equipment and services	<u>107,412</u>	<u>97,032</u>
Total	1,254,854	974,797
<i>Food marketing sales:</i>		
Pork, beef and poultry & precooked entrees	<u>273,950</u>	<u>277,460</u>
Total sales	1,528,804	1,252,257

Table 2 — Farm products marketed by Farmland and its subsidiaries, fiscal years ended August 31

Commodity	1975	1974
<i>1,000 dollars</i>		
Pork	143,084	163,949
Beef	109,619	103,407
Poultry	3,950	3,249
Precooked entrees	<u>17,296</u>	<u>6,855</u>
Total	273,949	277,460

Table 3 — Total net margins of Farmland and its consolidated subsidiaries for fiscal years ended August 31

Distribution of net margins	1975	1974
	1,000 dollars	
Federal income taxes	9,463	3,968
Cash dividends on stock	434	608
<i>Patronage refunds paid in:</i>		
Cash or equivalent	90,485	43,932
Common stock	89,011	0
Nonmember capital and revolving capital	1,314	43,595
Addition to surplus	6,158	6,157
Total	196,865	98,260

Table 4 — Condensed balance sheet of Farmland and its consolidated subsidiaries for August 31

Item	1975	1974
	1,000 dollars	
<i>Assets:</i>		
Current assets	425,039	269,581
Fixed assets (net)	416,783	314,139
Other assets	88,667	67,326
Total	930,489	651,046
<i>Liabilities and net worth:</i>		
Current liabilities	313,626	192,426
Deferred income taxes	2,839	-0-
Long-term notes payable to banks	104,892	103,200
Subordinated debt certificates ¹	171,175	135,379
Other long-term debt	40,387	12,504
Minority interest in subsidiaries	12,919	11,149
Capital shares and equities	284,651	196,388
Total	930,489	651,046

¹ Interest rates vary from 5½ to 10 percent. Most mature in 1978-95.

Table 5 — Net worth (capital shares and equities) of Farmland and its consolidated subsidiaries, August 31, 1975

Item	Amount
	1,000 dollars
Preferred stock	6,366
Common stock	137,437
Capital stock credits	6
Nonmember capital equities	1,348
Patrons' equity reserves	3,266
Patronage refunds for reinvestment (1975)	89,935
Surplus - earned	46,207
- donated	86
Total	284,651

Table 6 — Type and capacity of principal facilities owned by Farmland and its subsidiaries, August 31, 1975

Facilities	Number of plants or units	Annual operating or storage capacity and units
<i>Farm and home supplies:</i>		
Petroleum refining and transportation:		
Refineries	3	28,470,000 bbls.
Gas plants	4	26.7 MMCF
Pipelines—crude oil		
gathering system	3	861 miles
—natural gas		
gathering system	4	273 miles
<i>Fertilizer production:</i>		
Nitrogen fertilizer	5	2,492,300 tons
Ammonium phosphate plants	2	1,041,000 tons
Chemical dry mixing plants	19	280,000 tons
Liquid mixing plants	1	20,000 tons
Feed mills	17	734,000 tons
Soybean processing plants	1	96,000 tons
Agriculture chemical plants	1	produces or packages 200 different products
Battery plant	1	184,000 units
Grease plant	1	20,900,000 lbs.
Paint plant	1	1,500,000 gals.
Steel fabricating plant	1	— —
Printing plant	1	— —
Distribution warehouses - general merchandise	10	831,540 sq. ft.
- fertilizer only	2	25,000 tons
Distribution terminals - ammonia	4	30,000 tons each
- UAN	4	10,600 tons (average)
Educational building	1	— —
Research		
Laboratory	1	— —
Research farms	1	— —
Swine testing stations	4	— —
<i>Marketing farm products:</i>		
Hog processing plants	2	1,976,000 head
Pork canning plant	1	31,800,000 lbs.
Beef packing plant	1	260,000 head
Turkey processing plant	1	22,620,000 lbs.

Agway Inc.

Agway Inc., Syracuse, N.Y., was organized under the Delaware General Corporation Law on July 1, 1964 to effect a merger of Cooperative Grange League Federation Exchange, Inc., Ithaca, N.Y. (commonly called GLF—formed in 1920) and Eastern States Farmers' Exchange, Inc., West Springfield, Mass. (formed in 1918).

On June 1, 1965, Agway Inc. acquired the assets and assumed the liabilities and reserves of the Pennsylvania Farm Bureau Cooperative Association, Harrisburg, Pa., and 30 of its affiliated countywide cooperatives, as well as the Farm Bureau Marketing Cooperative at Harrisburg. On November 1, 1965, the Burlington County Farmers Cooperative Association, Mt. Holly, N.J., was merged into Agway.

Agway provides supply manufacturing, purchasing, and distribution services and farm product processing and marketing services for farmers in Maine, Massachusetts, New Hampshire, Vermont, Connecticut, New York, New Jersey, Pennsylvania, Rhode Island, Delaware, northern and eastern Maryland, and north-eastern Ohio.

Agway is a centralized cooperative in which farmers hold direct membership. Only farmers and farmer cooperatives may become members by acquiring one \$25 share of common stock. Each member has one vote in the affairs of the association. No person may hold more than one share of common stock.

On June 30, 1975, Agway had 116,583 individual farmer-members. It also served a number of nonmember farmers and many other rural and suburban patrons.

Agway's board of directors also has authorized the payment of patronage refunds to patrons other than members, who are designated as "contract patrons." On June 30, 1975, Agway had contracts with about 180 seed dealers in the central States who purchase seed from Agway, several departments or agencies of State governments, the Federal Government, and charitable, religious, and educational institutions producing farm products.

Control of Agway is vested in a board of 18 directors elected for 3-year terms on a staggered basis. Members doing business with each Agway distribution point or combination of distribution points select a local member committee. These committees act in

an advisory capacity and nominate directors in each of the 18 districts. On June 30, 1975, there were 365 local or zone committees consisting of 2,800 members.

Nominations for a director from each district are made by local member committees with the help of an advisory nominating committee for each district that is appointed by Agway's president. Each advisory nominating committee consists of one director of Agway from outside the district and not less than two nor more than six Agway members residing within the district.

Prior to the annual meeting of Agway, local committeemen meet with the advisory committee for that district. At that time the advisory committee presents its recommended nomination. Additional nominations may be made from the floor. If there is more than one nomination, the local committee chairmen within the district vote by ballot. The vote of each chairman is weighted by the volume of member business done at the distribution point or combination of distribution points he represents. No chairman, however, has more than five votes.

Because of Agway's size, it has an Agway Council to function as a liaison between members and the board of directors. It meets with Agway's board twice a year. On June 30, 1975, this Council had 365 members consisting of chairmen of Agway store, representative, and zone committees which in turn are elected by local farmer-members.

On June 30, 1975, Agway was providing supplies and marketing and related services to its patrons through several types of local outlets as indicated in table 7.

The Agway store corporations are retail cooperatives managed by Agway. Technically, they are subsidiaries of Agway because it holds all of their common stock under a trustee-ownership arrangement; however, local farmer-members own the non-voting preferred stock of each. These service store cooperatives sell production and home supplies, market members' crops, and provide special services such as grinding and mixing feed and spreading lime and fertilizer.

The Agway marketing corporation also is a managed subsidiary. The Agway-owned stores are branch retail outlets that sell production and home supplies and provide related services.

Both Agway store corporations and Agway-owned stores hold local annual meetings, at which time local committees are elected. Such committees have many of the powers of a local board of directors. Many of the store corporations are financed

centrally, and some are financed directly through the Baltimore and Springfield Banks for Cooperatives. The area offices of Agway supervise the store corporations under management contracts that may be canceled at any time by action of the membership.

The retail bulk oil plants and service stations are owned by Agway Petroleum Corporation—a wholly owned subsidiary of Agway.

Agway-owned stores and Agway Petroleum Corporation together accounted for about 52 percent of Agway's total supply sales and service volume in fiscal 1975. The Agway store corporations accounted for about 18 percent of the total, and the Agway representatives handle the remaining 30 percent (including sales to special and wholesale accounts).

Independent retail dealers and independent local cooperatives become Agway representatives by obtaining a franchise to handle Agway commodities in accordance with Agway policies. They are authorized to provide supplies and service in those areas where there are no Agway-owned or managed cooperatives or stores. They maintain patronage records of business transacted with Agway members so that Agway may distribute wholesale patronage refunds direct to these members.

Certain operations were conducted through the following wholly owned subsidiaries in fiscal 1975: (1) Agway Petroleum Corporation which markets petroleum products, heating and air conditioning equipment, and tires, batteries and accessories; (2) Telmark, Inc., which is a finance and credit company handling retail installment contracts, deferred credit for crop and poultry supplies, and some consumer credit, as well as equipment leasing for patrons; (3) Agway Gardens, Inc., which sells suburban home and garden supplies through seven leased retail stores in the Buffalo, Rochester, and Syracuse, N.Y., areas; (4) Agway Insurance Company, which writes a complete line of property damage insurance for Agway and others; and (5) Agway General Agency, Inc., which writes a complete program of life, health, and accident insurance for Agway members and others.¹

Agway also manufactured, produced, or processed certain commodities through the following majority-owned subsidiaries: (1) Texas City Refining, Inc., Texas City, Tex., a refiner of petro-

¹The latter two are excluded from consolidated statements of Agway because of the different nature of their operations. However, the investment equity of both is included in the consolidation, thus reflecting their net margins.

leum—67 percent owned by Agway Petroleum Corp.,—with sales in 1975 of about \$333.6 million; (2) Gromark, Inc., of Central New York, Clyde, N.Y., a producer, processor, and marketer of eggs—62 percent interest—with sales of \$5.1 million; (3) Curtice-Burns, Inc., Rochester, N.Y., a processing distributor for fruit and vegetable products—67 percent interest—with sales of \$138.7 million; and (4) Taterstate Frozen Foods, Washburn, Maine, a processor of potatoes—90 percent interest—with sales of \$14.9 million.

Total net sales of supplies and farm products of Agway Inc. and its consolidated subsidiaries were \$1,000.7 million in fiscal 1975 and \$869.3 million in 1974 (per annual reports).

The farm production and home supply sales of Agway and its subsidiaries, partly at wholesale and partly at retail, for the past 2 years are shown in table 8.²

The quantities of principal supplies sold during the past 2 years are shown in table 9.

Retail supply sales of Agway's affiliated store corporations were \$243,357,000 in fiscal 1975, and \$219,989,000 in 1974.

Agway also provides a cooperative marketing service for several farm products (table 10). Marketing is conducted through local Agway store corporations, Agway-owned stores, and Agway central marketing facilities listed later in this section.

Net margins of Agway Inc. and its consolidated subsidiaries for the past 2 years are shown in table 11. Of these total net margins (before extraordinary items and income taxes), about 100 percent in both fiscal 1975 and 1974 were derived from supply (agri-business and petroleum) operations.

Net margins of the Agway store corporations totaled \$3,645,000 in fiscal 1975, and \$4,809,000 in 1974.

Total net margins of GLF Cooperative Exchange and subsidiaries, Eastern States Farmers Exchange, and Agway Inc., since the organization of each through June 30, 1975, have totaled \$419,656,332. Of this amount, they have paid \$47,910,973 in cash dividends on capital stock, \$119,033,607 as cash patronage refunds, \$4,831,227 in revolving fund certificates, \$105,003,178 in Federal income taxes, and added \$142,249,964 to the "retained earnings" and capital surplus accounts.

²Sales reported in the Agway annual report and stock prospectus are not always identical because of the basis of consolidation, interdepartment eliminations, and accounting conventions used for financial statement and line operation reporting.

The financial position, net worth, and principal facilities of Agway and its subsidiaries are shown in tables 12-14.

On June 30, 1975, Agway also had \$7,349,065 invested in federations of regional cooperatives and service corporations that operated various manufacturing and wholesaling facilities. The principal ones were CF Industries, Inc., Long Grove, Ill.; Pro Fac Cooperatives, Inc., Rochester, N.Y.; Universal Cooperatives, Inc., Alliance, Ohio; Cooperative Mills, Inc., Cincinnati, Ohio; and Seneca Foods, Inc., Dundee, N.Y.

On June 30, 1975, Agway and its subsidiaries had 12,712 employees. Of these, 855 were in general administrative and office activities, 3,077 in supply manufacturing and wholesaling (including warehousing and transportation), 5,258 in supply retailing (by owned stores and petroleum plants), and 3,522 in processing and marketing farm products.³

These figures do not include retail employees of Agway store cooperatives, independent cooperatives, and independent dealer representatives who may spend most of their time in distributing Agway supplies.

³The figures for the operating groups performing retailing, wholesaling, and manufacturing services include administrative, accounting, and clerical employees directly applicable to them. They also include employees of Curtice-Burns, Inc., in processing and canning fruits and vegetables, and those of Taterstate Frozen Foods in processing french fries and other potato products.

Table 7 — Local distribution and marketing outlets of Agway, fiscal year ended June 30, 1975

Outlets	Number
Agway store corporations (cooperatives)	143
Agway marketing corporations (cooperatives)	1
Agway-owned stores	205
<i>Agway representatives:</i>	
Independent retail details	332
Independent cooperatives	15
<i>Agway Petroleum Corporation outlets:</i>	
Retail bulk plants (including LP gas bulk plants)	151
Franchised commission agents	—
Total	847

Table 8 — Net value of supplies, equipment, and petroleum—sold at wholesale and part at retail—by Agway Inc. and its consolidated subsidiaries, fiscal years ended June 30 ¹

Commodities	1975	1974
	<i>1,000 dollars</i>	
Feed, feed grains, flour, cereals, pet foods, shells, and bedding	305,748	288,826
Fertilizer and lime	107,702	70,125
Petroleum products ²	481,647	320,627
Seed and seed potatoes ³	22,005	27,481
General farm supplies and equipment ⁴	164,613	145,318
Pesticides and other farm chemicals	26,197	25,563
Other supplies ⁵	1,240	2,335
Total (per annual report) ¹	1,109,152	880,275

¹ Consists of the following types:

(a) Retail sales of \$535,240 in fiscal year 1975 and \$451,104 in fiscal 1974—by Agway-owned stores, Agway Petroleum Corporation, and Rebel Oil Co. (subsidiary of Texas City Refining, Inc.)

(b) Wholesale sales of \$573,912 in 1975 and \$420,171 in 1974 to dealers and local co-ops, regional cooperatives, and other firms.

² Includes sales by Agway Petroleum Division, Agway Petroleum Corporation, Texas City Refining, Inc., and Rebel Oil Co.—on a *net* basis after eliminating intracompany sales.

³ Includes sales by Agway Seed Division and Select Seeds, Inc.—*net* after intracompany sales.

⁴ Includes tires, batteries, and auto supplies; steel and metal products, building materials, paint, and roofing; rope and twine; hardware, tools, and miscellaneous supplies; farm equipment; containers and package materials; white goods; oil and grease at service stores; and other supplies.

⁵ Includes heavy machinery and equipment, parts, coal, cement, berry baskets, and live pets.

Table 9 — Quantities of major supplies sold at wholesale by Agway and its consolidated subsidiaries

Commodity	Unit	1975	1974
		<i>Thousand</i>	
All feeds (formula and ingredients)	ton	2,005	2,113
Fertilizers (including nitrogen)	ton	700	701
Lime	ton	840	745
<i>Refined fuels by:</i>			
Agway Petroleum Corp. (net)	gal.	689,292	633,664
Texas City Refining, Inc. (exclusive of sales to Agway Petroleum Corp.)	bbl.	30,702	22,348

Table 10 — Value of farm products marketed by Agway, Inc., and affiliated corporations and marketing subsidiary, fiscal years ended June 30 ¹

Commodities	1975	1974
<i>1,000 dollars</i>		
Eggs ¹	38,745	44,655
<i>Fruits and vegetables:</i>		
Processed and canned ²	153,261	94,360
Fresh (including potatoes) ³	13,193	12,412
Grain ⁴	26,795	15,211
Beans (dry edible)	4,463	4,800
Tobacco	527	711
Miscellaneous	5	2
Subtotal	236,989	172,151
Less intercompany sales not reflected in consolidated statements ⁵	22,190	12,899
Total net sales (per annual report)	214,799	159,252

¹ Includes sales by Agway Egg Products Division and Huntington Farm Products.

² Includes sales by Curtice Burns and Taterstate Frozen Foods—including products bought on open market in several States and canned soft drinks.

³ Includes sales by Agway Fruit and Produce Department of Country Food Division and sales by Agway store corporations and owned stores.

⁴ Includes sales by Agway store corporations and owned stores.

⁵ Consists of sales by Albion Agway Cooperative, and sales of grain and fruit by Agway store corporations and Agway-owned stores that were included in the Purchasing Section of the consolidated statements.

Table 11 — Distribution of net margins of Agway Inc. and its consolidated subsidiaries for fiscal years ended June 30 ¹

Distribution of net margins	1975	1974
<i>Dollars</i>		
Federal income taxes	17,446,000	12,021,000
Cash dividends on capital stock	2,153,143	1,885,372
Patronage refunds in cash	2,500,000	2,005,000
Minority interests	2,305,847	1,883,424
Additions to retained margins (capital reserves)	16,276,547	13,650,443
Total ¹	40,681,537	31,445,239

¹ Includes minority interest and extraordinary items net of Federal income taxes.

Table 12 — Condensed balance sheet of Agway Inc. and its consolidated subsidiaries, fiscal years ended June 30

Item	1975	1974
<i>1,000 dollars</i>		
<i>Assets:</i>		
Current	348,026	302,021
Fixed (net)	129,897	126,915
Other (investments)	33,832	26,598
Total	511,755	455,534
<i>Liabilities and patrons' equities:</i>		
Current liabilities	175,645	163,481
Subordinated debentures	92,793	68,092
Loans and mortgages payable (non-current)	69,964	68,011
Other liabilities	4,684	5,683
Minority interests in consolidated subsidiaries	16,387	14,294
Capital stock retained margins and surplus	<u>152,282</u>	<u>135,973</u>
Total	511,755	455,534

Table 13 — Net worth or capital of Agway Inc. and its subsidiaries, June 30, 1975

Item	Amount
<i>1,000 dollars</i>	
<i>Capital stock:</i>	
Preferred	24,656
Common	2,915
Capital surplus	1,347
Retained margins	<u>123,364</u>
Total	152,282

Table 14 — Type and capacity of principal facilities owned or leased by Agway Inc. and its subsidiaries, June 30, 1975

Facilities	Number of plants or units	Annual operating or storage capacity and unit	
<i>Wholesaling, manufacturing, and general:</i>			
Merchandise distribution centers	3	450,000	sq. ft.
Petroleum marine & pipeline terminals	13	3,300,000	bbls. (storage)
Feed mills (dry feeds)	22	2,500,000	tons (2 shifts)
Feed mixing plants (LPS) ¹	2	100,000	tons (2 shifts)
Feed depots (LPS)	15	1,470	tons (storage)
Feed bulk depots (dry feeds)	5	2,165	tons (storage)
Fertilizer mixing plants	14	770,000	tons
Fertilizer bulk blending plants	40	200,000	tons
Nitrogen plants	1	100,000	tons
Seed plants	8	22,000,000	lbs.
Seed plant of subsidiary	3	15,000,000	lbs.
Chemical pesticide plant	1	15,000,000	lbs. (dry)
		1,000,000	gals. (liquid)
Automotive & manufacturing centers	5	xxx	
Home & garden stores (wholesale)	1	4,000	sq. ft.
Fabricating plant	3	16,800	sq. ft.
<i>Texas City Refining, Inc.:</i>			
Refinery	1	74,500	bbls./day
Tankers	—	—	bbls. (per trip)
Storage terminals	2	310,000	bbls. (storage)
Pipelines	1	43	mi.
<i>Retailing (exclusive of local store corporations):</i>			
Service stores (Agway-owned)	212	—	
Home & garden stores	8	—	
Local bulk petroleum plants ²	152	—	
Supply centers	21	—	
Service stations (Rebel Oil Co.)	30	—	
<i>Regional marketing of farm products:</i>			
Egg processing plants	11	2,390,000	cases
Fruit & produce packing plants	5	108,000	tons ³
Fruit & vegetable processing plants of subsidiaries	16	120,000,000	
Bean processing plants	2	150,000	cwt. (storage)
Tobacco warehouses (leased)	2	1,600,000	lbs.
Small animal food plants	1	40,000	sq. ft. ³
Flour mill	1	75,000	bus. (storage)
Potato processing plant (Taterstate)	1	80,000,000	lbs.
Cherry processing plant	—	—	
Bird food processing plant	1	34,000	sq. ft.

¹ Liquid protein supplements.

² Operated by Agway Petroleum Corporation—a subsidiary.

³ For processing and storage.

Farmers Union Central Exchange, Inc.

Farmers Union Central Exchange, Inc., whose market identifier is CENEX, was organized in 1931. Headquarters are in South St. Paul, Minn. On September 30, 1975, it was serving 1,211 local member associations with about 715,349 individuals as members—about 81 percent of them farmers, and 181 nonmember associations.

The association serves cooperatives in Wisconsin, Minnesota, North Dakota, South Dakota, Montana, Idaho, Washington, Oregon, Wyoming, and Nebraska.

CENEX purchased the net assets and businesses of Grange Cooperative Wholesale, Spokane, Wash., on April 1, 1971, and those of Northern Cooperatives, Inc., Wadena, Minn., on December 31, 1971.

A local farmer cooperative may become a member of the association by acquiring one \$25 share of common stock and agreeing to comply with its bylaws. Each member cooperative has voting power equal to the number of its registered producer members.

CENEX has 11 directors elected by districts for staggered terms of 3 years.

It is independent of the various State Farmers Unions and Grange membership organizations in the area it serves. It does, however, annually prorate 5 percent of its cash net savings, before any distribution to patrons, among these State organizations to promote and organize cooperatives.

The association has two wholly owned subsidiaries: Cenex Inc., which was formed in 1965 to operate an ammonia plant at Pine Bend, Minn., and a fertilizer mixing plant at Winona, Minn., and FUCE I-E, Inc., which is CENEX's share of ownership in the International Energy Cooperative. It also has a half interest in Senex Service Co., of South St. Paul, Minn.; one-third interest in the Green Bay (Wis.) Terminal Corporation and a minority interest in the Farmers Union Cooperative Credit Association, South St. Paul, Minn.

Sales and net margins of CENEX for the last 2 years are shown in tables 15 and 16.

Sales of products in 1975 included 817,452,200 gallons of refined fuels, 126,518 tons of feed, and 774,191 tons of fertilizer, compared with 787,020,000 gallons of fuels, 110,987 tons of feed, and 680,379 tons of fertilizer in 1974.

In addition to paying patronage refunds in capital stock, CENEX made quarterly price adjustments in cash on purchases of certain light petroleum products by local cooperatives. These price adjustments totaled \$1,071,948 in 1975 and \$1,856,374 in 1974.

It also made cash retirements of capital stock, originally issued in payment of patronage refunds, amounting to \$5,990,032 in 1975 and \$4,480,650 in 1974.

The percentage of stock retired each year is determined by the board of directors. In 1975, it retired 10 percent of the balance of 1974 patronage refund stock plus 3 percent of all remaining revolving stock. In 1974, 10 percent of the balance of 1973 stock plus 3 percent of all remaining revolving stock was redeemed.

Since its organization in 1931, total net savings of CENEX have been \$317.7 million. Of this amount, it paid \$33.0 million as cash patronage dividends and \$80.3 million as capital stock retirements for a total of \$113.3 million in cash. The balance of \$204.4 million was distributed partly as patronage refunds issued in patron equities and partly retained as unallocated capital reserves.

In addition, \$46.7 million worth of price adjustments was paid in cash. The total amount of cash returned to local cooperatives as of September 30, 1975, was \$160.0 million.

The condensed financial statement, net worth, and type and capacity of principal facilities of the association are shown in tables 17-19.

CENEX had \$49,096,011 invested, at the end of fiscal 1975, in federations of regional cooperatives that operated manufacturing and wholesaling facilities. The principal investments were in National Cooperative Refinery Association, McPherson, Kans.; CF Industries, Inc., Long Grove, Ill.; and Universal Cooperatives, Inc., Alliance, Ohio.

On September 30, 1975, CENEX and its subsidiaries had 1,759 employees. Of these, 516 were engaged in general and administrative activities, 1,156 in wholesale distribution, manufacturing, and processing operations, and 87 in retail distribution.

Table 15 — Sales of supplies—almost all at wholesale—by CENEX and its subsidiaries, during fiscal years ended September 30

Commodity	1975	1974 (9 months)
	<i>1,000 dollars</i>	
Feed	16,781	13,463
Seed	5,556	6,454
Fertilizer	109,510	71,386
Petroleum products	238,086	143,858
Tires, batteries & accessories	24,354	19,303
Agricultural chemicals	31,873	23,975
LP gas & oil equipment (station & parts)	10,039	11,680
Hardware, paint, twine & appliances	33,455	26,672
Farm machinery and parts	10,061	6,691
Transportation receipts	5,919	3,347
Retail and miscellaneous	5,374	3,766
Total	491,008	330,595

Table 16 — Source and distribution of net margins by CENEX and its subsidiaries during fiscal years ended September 30 ¹

Item	1975	1974 (9 months)
	1,000 dollars	
Source:		
Wholesale operations	10,325	11,751
Petroleum producing, processing and transportation	7,514	7,482
Dividends & patronage refunds from other cooperatives	32,939	19,717
Total	50,778	38,950
Distribution:		
Additions to unallocated reserve	8,200	1,411
Patronage refunds in cash	8,520	7,508
Patronage refunds in preferred stock credits	34,058	27,809
Additions to allocated capital reserve credits	0	2,222
Total	50,778	38,950

¹ After provision for current income taxes of \$530,000 in fiscal 1975 and \$302,000 in fiscal 1974.

Table 17 — Condensed balance sheet of CENEX and subsidiaries as of September 30

Item	1975	1974
<i>1,000 dollars</i>		
<i>Assets:</i>		
Current assets	171,852	137,669
Fixed assets (net)	67,468	60,395
Other assets (mostly crude oil properties)	7,804	6,624
Investments (principally in cooperatives)	51,084	37,376
Total	298,208	242,064
<i>Liabilities and net worth:</i>		
Current liabilities	79,787	59,452
Noncurrent liabilities	23,805	24,219
Net worth (capital & reserves)	194,616	158,393
Total	298,208	242,064

Table 18 — Net worth of CENEX on September 30, 1975 ¹

Item	Amount
<i>1,000 dollars</i>	
Common stock—\$25 par value	14
Preferred stock—\$25 par value	150,281
Allocated capital reserve	235
Patronage refunds for reinvestment	34,058
Unallocated capital reserve	10,028
Total	194,616

¹ All common and preferred capital stock represents reinvested patronage refunds. No stock or other securities have been sold to member association or others.

Table 19 — Types and capacity of principal facilities owned by CENEX and its subsidiary, September 30, 1975

Facilities	Number of plants or units	Annual operating or storage capacity and units
Wholesale warehouses	11	691,680 sq. ft.
Oil blending plant	1	6,000,000 gals.
Bulk fertilizer blending plants	40	184,000 tons
Refinery	1	35,000 bbls/day
Pipeline terminal	3	628,000 gals.
Petroleum pipeline (miles)	450	14,000 bbls/day
LP gas plants	25	1,300,000 gals.
Seed plants	8	25,000,000 lbs.
Feed plants	2	50,000 tons

FS Services, Inc.

FS Services, Inc., with headquarters in Bloomington, Ill., was organized in 1927 as the Illinois Farm Supply Company, Chicago. On August 31, 1962, it merged with the Farm Bureau Service Company of Iowa, Des Moines, to become FS Services, Inc. On August 1, 1965, Producers Seed Company, Piper City, Ill., became part of FS Services, Inc., and on September 1, 1965, the Wisconsin Farmco Service Cooperative, Madison, also merged with it.

On August 31, 1975, FS Services was providing manufacturing and wholesale farm supply services for 135 member companies in Illinois, Iowa, and Wisconsin. Most of these associations, with 2,000 plus outlets, operated over county or multi-countywide areas and served about 200,000 farmer members.

The FS member companies handle petroleum, feed, plant food, seed, farm chemicals, and general farm supplies. Each is required to own one share of FS common stock—no par value. All have membership agreements with FS Services.

These companies also own the Class "A," "C," and "D" preferred stock of FS Services, which constitutes 98 percent of the value of all its outstanding preferred stock. The balance of the preferred stock consists of Class "B" which is owned by the Illinois, Iowa, and Wisconsin State Farm Bureaus. These three classes of preferred stock each carry voting rights. FS Services also has prior preferred stock (nonvoting) that is owned by individuals.

FS Services, Inc., and the member cooperative companies operate on a federated basis. These member companies elect 13 of FS Services' directors by districts for 2-year terms. In addition, one director of the Illinois Agricultural Association (the State Farm Bureau), one director of the Iowa Farm Bureau Federation, and one director of the Wisconsin Farm Bureau Federation are elected to the board for 1-year terms.

Only farmers who are members of the county Farm Bureaus are members of the local member cooperatives and share in their patronage refunds. FS Services holds some voting stock in most of its member companies in Illinois, but none in those in Iowa and Wisconsin.

FS Services has three wholly owned subsidiaries: FS Development, Inc., which leases assets to FS Services and its member companies; FS Farmco, Inc., which is a financing and leasing

cooperative; and FSS I-E, Inc., which was incorporated in 1975 to invest in crude oil exploration and development as a joint venture.

The wholesale values of supplies and equipment sold by FS during the past 2 business years are shown in table 20.

Sales in fiscal 1975 included 277,800 tons of feed, 1,223,700 tons of fertilizer, and 550,925,000 gallons of refined fuels, compared with 285,800 tons of feed, 1,397,300 tons of fertilizer, and 506,583,000 gallons of refined fuels in 1974.

FS Services operates a contract layer program but does not market eggs. Also it supplies management services for Illinois Grain Corporation, Bloomington, Ill.,—a regional marketing cooperative.

Net margins of FS Services and subsidiaries and their distribution for the last 2 years are shown in table 21.

Total net margins of FS Services, Inc., and its predecessors, (Illinois Farm Supply Company, Farm Bureau Service Company of Iowa, Wisconsin Farmco Service Cooperative, and Producers Seed Company) and their subsidiaries since each have been organized through 1975 have amounted to \$277,340,344. From this amount, they have paid \$15,948,862 as dividends on capital stock; \$154,666,021 as cash patronage refunds; \$51,176,679 as patronage refunds paid in capital stock; \$34,611,872 as income taxes; and retained \$22,522,668 as surplus. They have never operated on a revolving capital basis. However, \$371,500 of preferred stock was retired in fiscal 1975 and \$387,400 was retired in 1974.

The financial condition, net worth items, and principal facilities of FS Services, Inc., and subsidiaries are shown in tables 22-24.

FS Services, Inc., had \$48,500,101 invested in federations of regional cooperatives and allied companies that operated various refining, producing, manufacturing, and wholesaling facilities at the end of fiscal 1975.

FS Services and its subsidiaries had 1,276 employees on August 31, 1975. Of these, 523 were in general and administrative activities, and 753 were in supply manufacturing, processing, and wholesale distribution, including transportation and warehousing.

Table 20 — Wholesale value of supplies sold by FS Services, Inc., and its subsidiaries during fiscal years ended August 31

Commodities	1975	1974
<i>1,000 dollars</i>		
Feed (mixed, specialty and ingredients)	56,244	56,854
Seed	17,428	17,821
Fertilizer	160,005	118,634
Petroleum products (fuels & lubricants)	151,528	115,406
Tires, tubes, & accessories	4,398	3,633
Farm automation equipment	14,040	17,364
Paint, plant equipment, & miscellaneous		
consumer products	12,138	11,360
Farm chemicals	68,100	45,586
Animal health supplies	1,145	815
Total	485,027	387,473

Table 21 — Distribution of net margins by FS Services and its subsidiaries in fiscal years ended August 31

Distribution	1975	1974
<i>Dollars</i>		
Federal income taxes	5,410,000	3,962,000
Cash dividends on preferred stock	1,176,255	1,013,450
Patronage refunds paid in:		
Cash	14,868,518	14,883,614
Preferred stock	14,868,600	6,378,800
Additions to retained earnings	4,518,195	4,551,825
Total	40,841,568	30,789,689

Table 22 — Condensed balance sheet of FS Services, Inc., and its subsidiaries on August 31

Item	1975	1974
<i>1,000 dollars</i>		
<i>Assets:</i>		
Current assets	78,818	77,317
Fixed assets (net)	9,918	8,352
Other assets	50,964	36,825
Total	139,700	122,494
<i>Liabilities and net worth:</i>		
Current liabilities	45,138	53,985
Debentures—subordinated ¹	1,736	1,815
Other long term debt	15,500	9,000
Shareholders' equity	77,326	57,694
Total	139,700	122,494

¹ Most pay 5 percent per annum and with varying amounts are due in 1984 and 1989.

Table 23 — Shareholders' equity (net worth) of FS Services and its subsidiaries, August 31, 1975

Item	Amount
<i>Dollars</i>	
<i>Preferred stock:</i>	
Prior preferred—\$100 par value	1,324,435
Class A—\$100 par value	7,352,000
Class B—\$0.24 par value	68,750
Class C—\$100 par value	30,213,900
Class D—\$100 par value:	
Outstanding	617,000
To be issued from patronage refunds	14,868,600
Common stock—no par or stated value, 159 shares	—
<i>Retained earnings:</i>	
Allocated to members (letters of advice)	1,100,000
Unallocated surplus	21,781,780
Total	77,326,465

Table 24 — Type and capacity of principal facilities owned by FS Services, Inc., August 31, 1975

Facilities	Number of plants or units	Annual operating or storage capacity and units
Warehouses	5	184,100 sq. ft.
Feed mills	5	325,000 tons
Marine and pipeline terminal bulk petroleum plants	4	747,000 bbls.
Plant food plants	1	80,000 tons
Seed plants	5	112,000,000 lbs.
Research farm	1	— —
Contract egg program		100,000 layers

Land O'Lakes, Inc.

Land O'Lakes, Inc., (LOL) with headquarters in Minneapolis, Minn., was organized in 1921. It serves farmers in Minnesota, Wisconsin, North Dakota, South Dakota, Nebraska, Iowa, and northern Illinois. Land O'Lakes is a federated-centralized organization owned, at the end of 1975, by 830 local member dairy marketing or supply associations, and 12,761 individual farmer-members. The local associations' members number more than 150,000 of whom almost 95 percent are farmers. Land O'Lakes also provides supplies through 71 private agent-buyers and 9 Land O'Lakes-owned retail branch outlets.

Class A common stock with a par value of \$1,000 a share may be held only by cooperatives who have been given membership by authority of the board of directors. Each holder of Class A stock has one vote plus additional votes based on its dollar volume of business with Land O'Lakes.

Class B common stock, with a par value of \$1 a share, is issued to and held by individual producers of agricultural products. Each holder has one vote.

Land O'Lakes has several partially and wholly owned subsidiaries engaged in marketing and supply operations. Those pertaining to farm supply operations, service, and credit at the end of 1975 were Imperial Inc., and Research Seeds, Inc.

Land O'Lakes has joined with other regional cooperatives to invest in production and purchasing organizations. Principal investments are in CF Industries, Chicago, Ill., for fertilizer products; National Cooperative Refinery Association, McPherson, Kans., for refined fuels; Universal Cooperatives, Alliance, Ohio, for tires, batteries, and other merchandise; and Interregional Service Corporation, Minneapolis, Minn., for transportation equipment.

The bylaws of Land O'Lakes provide for director districts from which two individuals are elected to represent the membership from each respective district. The director districts, 17 in number, elect directors for 3-year staggered terms. An elected director may not serve for more than five consecutive terms or be elected to the board after age 65. In addition, the elected Land O'Lakes board may appoint annually two nonvoting "advisory" directors who are not members of the association.

Land O'Lakes had total sales of \$1,124 million in 1975 and \$1,100 million in 1974. The association is a major marketer of

dairy products, turkeys, eggs, and soybeans. Total sales of these farm products through various divisions amounted to \$813.5 million in 1975 and \$717.4 million in 1974. The Agricultural Services Division provided feed, seed, fertilizer, petroleum, and other related farm supplies totaling \$310.5 million in 1975 and \$282.6 million in 1974.

The principal types of supplies and equipment provided in 1975 and 1974 are shown in table 25.

These sales of products in 1975 included 644,000 tons of feed, 723,000 tons of fertilizer, and 108,896,000 gallons of refined fuels.

Retail sales of supplies and equipment by Land O'Lakes' branch outlets totaled \$13,043,000 in 1975 and \$10,121,000 in 1974.

Total net margins, before income taxes, from all Land O'Lakes activities were about \$36.4 million in 1975 and \$29.9 million in 1974. Their distribution is shown in table 26.

In 1975, Land O'Lakes paid out \$5,720,000 to retire the remaining 75 percent of the 1962 patronage equities. Current patronage refunds, along with other cash redemptions, totaled \$11,638,000. This brought the total cash payments of all types to \$17,358,000.

In 1974, Land O'Lakes paid out \$2,597,000 to retire 25 percent of the 1962 patronage equities, and the remaining 10 percent of the 1961 patronage equities. Then current patronage refunds, along with other cash redemptions, totaled \$5,580,000. This brought the total cash retirements of all types to \$8,177,000.

The financial condition, net worth items, and principal production supply facilities of the association are shown in tables 27 to 29.

In addition to its own fixed assets, Land O'Lakes, on December 31, 1975, had investments of \$32.3 million in federations of regional and national cooperatives which manufactured or wholesaled farm production supplies.

On December 31, 1975, Land O'Lakes had 6,204 employees of which 1,316 were in general and administrative activities; 675 were in farm supply manufacturing and wholesaling; 3,965 were in processing and marketing farm products; and 244 were employed in local branch operations.

Table 25 — Value of farm production supplies and equipment distributed at wholesale by Land O'Lakes, fiscal years ended December 31

Commodities	1975	1974
<i>1,000 dollars</i>		
Feed and feed grains	114,800	115,829
Fertilizer	91,177	81,226
Seed	8,202	10,094
Chemicals	50,966	36,029
General farm supplies & equipment	13,810	13,687
Petroleum products	<u>31,553</u>	<u>25,750</u>
Total	310,508	282,615

Table 26 — Distribution of net margins of Land O'Lakes and consolidated subsidiaries for fiscal years ended December 31

Item	1975	1974
<i>1,000 dollars</i>		
Patronage refunds payable in cash	6,561	5,542
Patronage refunds payable in equity reserves	26,244	22,166
Income taxes	1,974	1,337
Retained in surplus	<u>1,653</u>	<u>837</u>
Total	36,432	29,882

Table 27 — Condensed balance sheet of Land O'Lakes on December 31

Item	1975	1974
<i>1,000 dollars</i>		
<i>Assets:</i>		
Current	200,846	190,733
Fixed (net)	68,873	56,721
Other	<u>41,990</u>	<u>33,141</u>
Total	311,709	280,595
<i>Liabilities:</i>		
Current	137,575	126,797
Long term	33,602	29,350
Members' and patrons' equity	<u>140,532</u>	<u>124,448</u>
Total	311,709	208,595

Table 28 — Members' and patrons' equities of Land O'Lakes on December 31, 1975

Item	Amount
	<i>1,000 dollars</i>
<i>Common stock:</i>	
Class A—\$1,000 par value	830
Class B—\$1 par value	13
Equity reserves	134,121
Surplus and other reserves	5,568
Total	140,532

Table 29 — Type of principal farm supply production facilities owned by Land O'Lakes on December 31, 1975

Facilities	Number of plants or units
Feed plants	10
Wholesale farm supply warehouses	3
Alfalfa dehydrating plants	5
Soybean plants	2
Experimental farm	1

Southern States Cooperative, Inc.

Southern States Cooperative, Inc., (SSC) Richmond, Va., was organized on July 21, 1923, as the Virginia Seed Service. The present name was adopted in 1933.

At the end of its 1975 fiscal year, SSC was furnishing supplies through local cooperatives, service agencies, and retail branches to about 308,446 members in Virginia, West Virginia, Kentucky, Maryland, and Delaware. About 100 percent of these members were farmers. SSC outlets also serve a number of non-farmer patrons.

SSC is a combination centralized-federated cooperative with both cooperatives and farmers directly holding membership stock in it, but in practice it operates on a federated basis. Either a farmer-patron or an agricultural cooperative becomes a member by acquiring one or more shares of \$1 par value common stock, which may be issued in payment of patronage refunds, and by agreeing to provisions of the bylaws. Each member has only one vote.

SSC had 114,674 direct farmer-members on June 30, 1975. They were located in areas served by independent dealer-agents and retail branches of SSC. Also SSC had 146 local and independent cooperatives that were members on this date.

Members served by each dealer-agent and SSC retail branch elect an advisory board of six members to vote for and represent the group in all matters at the annual meeting of SSC, as directors of local member cooperatives do.

SSC has 15 directors of which 10 are elected by districts for staggered terms of 3 years. The other five are public directors appointed for 3-year terms on a staggered basis, one each by the director of Extension Service of the land grant university in each of the five States in which SSC operates. SSC's retail distribution system is shown in table 30.

Local affiliated cooperatives with management contracts are separately incorporated associations. Their boards of directors employ SSC to perform certain management, accounting, auditing, and financial services on a fee basis. Through these farm supply and petroleum cooperatives SSC distributes about 45 percent of its wholesale supply volume. Those associations without management contracts are independent cooperatives that use the association as a wholesale source of supplies.

Service agencies are retail farm supply dealers who have

been awarded an SSC franchise upon recommendation of the local membership. Under the terms of this franchise, dealers handle the supplies under conditions agreed on, and maintain patronage records of business transacted with SSC members so that it may distribute wholesale patronage refunds direct to these members. About 34 percent of SSC's wholesale volume is distributed through these agencies.

SSC also has a management agreement with a regional affiliated company—Cooperative Mills, Inc., Cincinnati, Ohio—that manufactures feed. It also has minority interests in Texas City Refining, Inc., for petroleum supplies and in Farmers Chemical Association, Harrison, Tenn., for its nitrogen needs.

Gross and net sales of Southern States Cooperative in the past 2 fiscal years ending June 30, 1975 and 1974 are shown in table 31.

The principal types of supplies sold at wholesale are shown in table 32.

Wholesale volume in fiscal 1975 included 486,166 tons of feed, 563,158 tons of fertilizer, and 151,179,793 gallons of refined fuels. Such volumes for fiscal 1974 were 481,512 tons of feed, 608,276 tons of fertilizer, and 135,738,561 gallons of refined fuels.

In addition, SSC had retail sales of supplies and petroleum through its own retail branches as shown in table 31.

Retail sales of supplies by farm supply and petroleum cooperatives managed by SSC amounted to \$173,451,317 in fiscal 1975, and to \$142,744,162 in fiscal 1974.

SSC also directly markets eggs for members. Sales totaled \$5,427,571 in fiscal 1975 and \$6,912,456 in 1974.

Grain marketing services are provided by a separate affiliated company—Southern States Grain Marketing Cooperative, Inc.—that is under management services of SSC. It has six terminal grain elevator facilities. Its sales of grain totaled \$76,504,489 in fiscal 1975, and \$55,767,826 in fiscal 1974.

Total net margins available to patrons of SSC and their distribution in fiscal years 1975 and 1974 are shown in table 33.

About all margins in both years were derived from supply operations.

For many years SSC's policy has been to retire upon request, at par value, the voting stock issued in payment of patronage refunds 10 years previously. Redemptions of this and other equities during the past 2 fiscal years are shown in table 34.

Total net margins available to patrons of SSC, its subsidiary, and its affiliated retail system since organizing and through June 30, 1975, have been \$196,713,417. Of this amount, \$41,756,152 was paid as cash dividends on capital stock, \$52,724,698 as patronage refunds in cash, and \$73,864,486 in capital stock and patronage refund allocation. It retained the remaining \$28,368,081 for capital as general reserves.

The total amount of capital stock retired under its revolving capital plan since organizing has been \$24,110,789.

The financial condition, net worth items, and facilities of SSC and its subsidiaries are shown in tables 35 to 37.

On June 30, 1975, SSC had \$18,716,476 invested in federations of regional cooperatives plus \$8,905,382 in allied companies operating various manufacturing and wholesaling facilities. These investments are included in "other assets" in SSC's balance sheet and are reported on the equity method of accounting.

On this date, SSC and its subsidiary had 2,073 employees. Of these, 681 were engaged in general administrative activities, 770 in supply manufacturing and wholesaling (including warehousing and transportation), 550 in retail distribution, and 72 in marketing farm products. These figures do not include employees of SSC affiliated service stores and petroleum cooperatives.

Table 30 — Type and number of retail outlets providing SSC supplies and services in fiscal 1975

Retail outlets	Number
<i>Local affiliated cooperatives:</i>	
Farm supply cooperatives with management contracts	113
Farm supply cooperatives without management contracts	23
Petroleum cooperatives with management contracts	10
Service agencies (independently owned)—handling farm supplies and petroleum	244
Farm supply retail SSC branches	54
Petroleum retail SSC branches	19
Total	463

Table 31 — Gross and net sales by SSC

Commodities	1975	1974
	<i>1,000 dollars</i>	
Wholesale sales of supplies	257,162	214,999
Retail sales by SSC branches	78,140	64,049
Less intracompany transfers and feed manufactured for other cooperatives	52,539	41,387
Net sales of supplies	282,763	237,661
Farm products sales	5,428	6,912
Total net sales (per annual report)	288,191	244,573

Table 32 — Wholesale value of supplies distributed by SSC in fiscal years ended June 30

Commodities	1975	1974
	<i>1,000 dollars</i>	
Feed	69,455	65,451
Fertilizer	62,540	45,206
Seed	16,281	16,887
Petroleum products & equipment	43,589	30,418
Tires, batteries & auto accessories	5,600	5,247
Farm equipment & tools	14,913	12,958
Hardware & steel products	20,413	17,831
Paint & asphalt	2,270	2,582
Insecticides, sprays, & chemicals	16,448	13,450
Electrical equipment & appliances	4,670	3,993
Miscellaneous	987	976
Total ¹	257,166	214,999

¹ Hatchery sales are reported with eggs.

Table 33 — Distribution of net margins of SSC before income taxes

Distribution	1975	1974
<i>Dollars</i>		
Provisions for income taxes	2,454,036	49,027
Cash dividends on capital stock	1,583,288	1,655,356
Patronage refunds in cash	5,021,351	5,412,435
Patronage refunds in common stock and member equities	7,227,335	6,416,940
Additions or adjustments to operating capital reserves	1,101,604	198,438
Total	17,387,614	13,732,196

Table 34 — Equities redeemed by SSC

Equities redeemed	1975	1974
<i>Dollars</i>		
Stock issued for patronage refunds	27,661	195,238
Common stock—other	393,758	164,803
Preferred stock	1,056,200	1,105,700
Capital book equities	594,340	2
Total	2,071,959	1,465,733

Table 35 — Condensed balance sheets of SSC on June 30

Item	1975	1974
<i>1,000 dollars</i>		
<i>Assets:</i>		
Current assets	97,746	80,695
Fixed assets (net)	25,068	24,295
Other assets (net)	42,571	24,240
Total	165,385	129,230
<i>Liabilities and net worth:</i>		
Current liabilities	50,455	37,661
Deferred liabilities		
Debentures	21,350	22,809
Others	28,326	19,329
Net worth or members' and patrons' equities	65,254	49,431
Total	165,385	129,230

Table 36 — Net worth or members' and stockholders' equities of SSC, June 30, 1975

Item	Amount
	1,000 dollars
Preferred capital stock ¹	10,236
Common capital stock ¹	15,972
Patronage refund allocations	14,019
<i>Appropriated capital reserves:</i>	
For operating capital	19,346
For equity in undistributed losses of associated companies	5,681
Total	65,254

¹ Most bear 6 percent dividends per year. About 61 percent of the common and preferred capital stock represented retained patronage refunds, and the remaining 39 percent had been sold to members and others.

Table 37 — Types and capacity of main facilities owned by SSC and its subsidiary, June 30, 1975

	Number of plants or units	Annual operating or storage capacity and unit
<i>Wholesaling and manufacturing:</i>		
Feed mills	5	750,000 tons
Fertilizer plants	6	425,000 tons
Seed cleaning plants	9	34,000 lbs.
Petroleum terminals (storage)	2	787,500 bbls.
Wholesale farm supply warehouses	8	645,800 sq. ft.
<i>Retailing:</i>		
SSC-operated stores	54	— —
SSC-operated petroleum plants	19	— —
<i>Marketing:</i>		
Egg service plants	2	400,000 cases

Midland Cooperatives, Inc.

Midland Cooperatives, Inc., with headquarters at Minneapolis, Minn., was organized on September 8, 1926. On December 1, 1963, Central Cooperatives, Inc., Superior, Wis., formed in 1917, merged with Midland.

Midland operates throughout Minnesota and Wisconsin, upper Michigan, northern Iowa, and the eastern parts of the Dakotas. On December 31, 1975, it was serving 631 local member associations with about 450,000 members.

Membership in Midland is limited to cooperatives and is obtained by acquiring one \$1,000 share of Class A or Class B common stock and agreeing to the provisions of the bylaws. Class A common stockholders consist of cooperatives or like associations as defined in the Agricultural Marketing Act and incorporated under the laws of any State or the District of Columbia and approved by the board of directors. Each has one vote plus one additional vote for each \$25,000, or major fraction thereof, of business transacted with Midland during the preceding year.

Class B common stockholders consist of cooperatives, like associations of retail patrons, and nonprofit organizations ineligible to hold Class A common stock. Each has only one vote.

More than 95 percent of the voting control is with agricultural members.

Midland has 15 directors elected by districts for staggered terms of 3 years.

Midland has a wholly owned subsidiary—Petroleum Resources Company—that is consolidated in its financial statements. It holds working interests in leased production oil properties and interests in leases of undeveloped oil properties in several States.

Midland also has two wholly owned unconsolidated finance subsidiaries:

(1) Midland Credit Corporation—which makes direct loans to patrons of member cooperatives, commercial poultry and egg producers and feeders; and acts as a discounting agency for financing promissory notes.

(2) Trade Credit Corporation—which is chartered to engage in a wide range of activities, but its primary function is to help member cooperatives acquire and finance their inventories and other working capital needs.

Midland handles a wide variety of supplies. Its wholesale

volume, by commodity, for the past 2 fiscal years is shown in table 38.

Distribution of net margins for the past 2 years is shown in table 39.

In 1975, Midland retired \$2,954,483 of capital stock under its revolving capital plan of financing and \$202,571 of other capital stock. In 1974, it retired \$1,660,884 of revolving capital stock and \$133,051 of other capital stock. The percentage of stock retired each year is determined by the board of directors. In 1975, Midland retired 10 percent of its common stock. In fiscal 1974, it retired 7.4 percent of its common stock.

Total net margins of Midland and CCI since their dates of organization have totaled \$87,749,597. Of this amount \$3,721,612 was paid as dividends on capital stock; \$16,804,417 as cash patronage refunds on a current basis; \$58,567,309 as patronage refunds in capital stock; \$5,683,464 as income taxes; and the remaining \$2,969,795 was retained as surplus.

The financial position, net worth items, and principal facilities of Midland and its subsidiaries are shown in tables 40-42.

Midland also had \$22,625,289 invested in federations of regional cooperatives and allied companies that operated manufacturing and purchasing operations on December 31, 1975. Principal investments were in CF Industries, Inc., Long Grove, Ill.; National Cooperative Refinery Association, McPherson, Kans.; Universal Cooperatives, Inc., Alliance, Ohio; St. Paul Bank for Cooperatives, St. Paul, Minn.; Interregional Service Corporation, Minneapolis, Minn.; Twin Ports Grocery Co., Superior, Wis.; Gible Oil Co., Cushing, Okla.; Seaway Pipeline, Inc., Freeport, Tex.; LVO International, Inc., Tulsa, Okla.

On December 31, 1975, Midland had 1,153 employees. Of these, 513 were engaged in general administrative activities, 533 in wholesale distribution, manufacturing, and processing, and 107 in retailing operations.

Table 38 — Net wholesale sales of supplies distributed by Midland, fiscal years ended December 31

Commodities	1975	1974
<i>1,000 dollars</i>		
Feed, flour, and mill feed	28,887	27,488
Fertilizer, seed, and agricultural chemicals	77,164	56,136
Petroleum products, tires, tubes, accessories, oil station equipment, LP gas cylinders and equipment	127,003	112,419
Hardware & appliances ¹	17,490	19,348
Groceries, meats, produce, bakery items, and coffee	21,686	20,263
Clothing and dry goods	1,315	1,523
Printing	270	180
Miscellaneous supplies	845	717
Total	274,660	238,074

¹ Includes steel products, building supplies, electrical equipment and appliances, farmstead equipment, and plumbing and heating equipment.

Table 39 — Distribution of net margins by Midland, fiscal years ended December 31

Distribution	1975	1974
<i>Dollars</i>		
Income taxes	805,000	1,030,000
Cash dividends on capital stock	61,301	67,934
Patronage refunds in cash	6,499,181	6,206,334
Patronage refunds in Midland Cooperator subscriptions	306,807	131,952
Patronage refunds in capital stock	9,921,000	9,772,500
Additions to surplus	1,239,117	890,160
Total	18,832,406	18,098,880

Table 40 — Condensed balance sheet of Midland and its subsidiary on December 31

Item	1975	1974
<i>1,000 dollars</i>		
<i>Assets:</i>		
Current assets	55,949	54,236
Fixed assets (net)	22,183	20,363
Other assets	30,035	22,194
Total	108,167	96,793
<i>Liabilities and net worth:</i>		
Current liabilities	35,571	37,097
Long-term liabilities:		
Subordinated debentures	1,793	1,934
Other	23,620	18,580
Net worth (capital equities)	47,183	39,182
Total	108,167	96,793

Table 41 — Net worth—capital stock and surplus—of Midland, December 31, 1975

Item	Amount
	<i>Dollars</i>
Preferred stock—Classes A, C, D, and E	25,638,182
<i>Common stock:</i>	
Class A—\$1,000 par	25,638,182
Class B—\$1,000 par	6,054,812
Nonvoting—\$10 par	1,481,969
Partial shares	77,335
Patronage refunds to be issued as stock	10,048,871
Total	44,213,309
Earned surplus	2,969,795
Total	47,183,104

Table 42 — Types and capacity of principal facilities operated by Midland on December 31, 1975

Facilities	Annual operating or storage	
	Number	capacity and unit
Wholesale warehouse	1	430,000 sq. ft.
Petroleum refinery	1	6,935,000 bbls.
Petroleum storage terminals	3	2,240,000 bbls.
LP gas plants and equipment	23	37,000,000 gals.
Fertilizer blending plants	16	57,000 tons
Feed mills	6	250,000 tons
Swine testing stations	2	—

Gold Kist Inc.

Gold Kist Inc., formerly The Cotton Producers Association until December 14, 1970, has headquarters in Atlanta, Ga. It was organized in 1936 and began handling farm production supplies in 1941. On June 30, 1976, Gold Kist's membership consisted of more than 150,000 individual farmers and 117 farmers mutual exchanges.

It provided production supplies to farmers in Georgia, Alabama, northern Florida, southern South Carolina, and southeastern Tennessee through the 117 local mutual exchanges, about 10 private dealers and independent cooperatives, and 14 Gold Kist-owned retail branches.

The mutual exchanges are separately incorporated cooperatives, but employ management, accounting, and financing services from Gold Kist. The private dealers or agencies distribute Gold Kist supplies under agreed on conditions, and maintain patronage records of business transacted with Gold Kist members so that it may distribute wholesale patronage refunds direct to these members.

Gold Kist also processes and markets poultry, eggs, pork, peanuts, pecans, soybeans, and other grain for its members in the Southeast. Gold Kist marketed cotton for members from date of its organization until fiscal 1975. Livestock marketing also was discontinued that year. Near the end of fiscal 1972, Gold Kist Foods was formed to handle further processed foods.

A farmer or cooperative properly qualified under the bylaws may become a member and receive a certificate of membership. No membership fee is required. If a member ceases to patronize the association for 3 years, he is placed on the inactive list. Each member has only one vote in the affairs of the association.

Gold Kist has 15 directors elected for staggered terms of 3 years. Eight are elected on a regular district basis; four represent corporation districts; and three are elected at large—one each to represent cotton, pecans, and peanuts.

Gold Kist's gross and net sales in the past 2 years are shown in table 43.

Gold Kist has a wholly owned domestic subsidiary—Growers Finance, and a wholly owned foreign subsidiary—Gold Kist, S.A. Neither is consolidated in its financial statements.

Gold Kist also assisted in the organization and development of insurance and financing services for its members through three separate companies: Cotton States Mutual Insurance Co.,—for fire, wind, accidents, and the like; Cotton States Life and Health Insurance Co.; and Cotton States Investment Co.,—for financing autos and trucks of policyholders of the other two companies.

Gold Kist and subsidiaries realized total net margins of \$25,608,000 in fiscal year 1975, of which about \$12,800,000 came from wholesale and retail supply operations. Net margins in fiscal 1974 were \$35,670,000. The distribution made of the total net margins is shown in table 44.

Gold Kist declared the following rates of patronage refunds to farmers mutual exchanges on 1974-75 operations (as a percent of sales): Plant food, 11.23; animal health products, 9.28; seed, 6.35; agricultural chemicals, 4.90; LP gas, 4.85; and farm supplies, 3.51. Smaller rates were paid to direct agencies on plant food, LP gas, and farm supplies.

Gold Kist declared a refund of \$10.99 per farmer stock ton of peanuts and 11.9 cents per bushel of soybeans marketed by patrons. No refunds were declared on broilers and eggs marketed, but in 1973-74 the rate was 1.836 cents per pound, live weight, on broilers and 4.23 cents per dozen eggs.

In fiscal 1975, Gold Kist redeemed in cash or equivalent, upon request of holders, \$11,428,000 worth of cumulative preferred capital certificates of interest; \$5,378,000 worth of revolving fund certificates, and \$2,454,000 worth of patronage reserves and other equity. In fiscal 1974, it redeemed \$8,360,000 worth of such certificates of interest; \$1,754,000 worth of revolving fund certificates; and \$2,502,000 worth of patronage reserves and other equity.

Total net margins available to patrons since organization in 1937 through 1975 have amounted to \$138,857,920, after deducting interest paid on patrons' equities.

The financial position and patrons' equity items of Gold Kist are shown in tables 45 and 46. At the end of fiscal 1975, it had investments of \$15,532,000 in federations of regional cooperatives for purchasing or manufacturing supplies.

The preferred capital certificates of interest bear 6½ percent interest through June 30, 1976. They consist of \$6,055,000 issued under terms of certain merger and purchase agreements. Under terms of the merger agreements, Gold Kist is obligated to redeem such certificates at the option of the holders in specified per-

centages ranging from 7 to 20 percent of the original amounts issued. The certificates issued under the purchase agreements are callable at the discretion of the board of directors. The remaining \$33,822,000 of certificates are redeemable only at Gold Kist's option, but customarily they are redeemed at the request of the holders. Gold Kist's policy is that such redemptions shall not exceed one-half of 1 percent of the outstanding balances of these certificates in any one month unless the proceeds from such redemptions are reinvested in other Gold Kist certificates of interest.

Table 43 — Gross and net sales of Gold Kist

Type	1975	1974
<i>1,000 dollars</i>		
Farm products marketed	572,351	489,043
Farm production supplies sold, including value of feed contracted or fed	253,793	234,238
Other operating revenue	<u>2,293</u>	<u>2,258</u>
Total gross volume (per annual reports) ¹	828,437	725,539
Less marketing deductions ²	<u>16,254</u>	<u>13,214</u>
Total	812,183	712,325

¹ Excludes interdepartmental transfers and adjustments among Agriservice, Poultry, and Marketing Divisions.

² Includes freight out, sales commissions and brokerage, and returns and allowances.

Table 44 — Distribution of net margins of Gold Kist and subsidiaries

Distribution	1975	1974
<i>1,000 dollars</i>		
Interest on nonmaturity cumulative preferred and revolving certificates	4,970	4,323
Patronage refunds in cash	3,360	6,784
Patronage refunds in revolving fund certificates	10,974	22,571
Additions to patronage reserves		
Additions to other equity	<u>6,304</u>	<u>1,992</u>
Total	25,608	35,670

Table 45 — Condensed balance sheet of Gold Kist, June 30

Item	1975	1974
<i>1,000 dollars</i>		
<i>Assets:</i>		
Current	199,478	167,789
Fixed (net)	95,428	74,281
Other	<u>2,347</u>	<u>1,170</u>
Total	325,745	263,808
<i>Liabilities:</i>		
Current	129,899	107,100
Long-term	¹ 77,204	46,306
Patrons' and other equity	<u>118,642</u>	<u>110,402</u>
Total	325,745	263,808

¹ Includes \$17,110,000 of 6½ to 9 percent cumulative preferred capital certificates of interest with fixed maturities from 1975 to 1985 and \$123,000 due at various dates.

Table 46 — Patrons' and other equity of Gold Kist, June 30, 1975

Item	Amount
<i>1,000 dollars</i>	
Cumulative preferred capital certificates of interest—nonmaturities	39,877
Revolving fund certificates	18,564
<i>Patronage reserves:</i>	
Allocated	42,326
Unallocated	1,232
Current year	11,327
Other equity	<u>5,316</u>
Total	118,642

Indiana Farm Bureau Cooperative Association, Inc.

Indiana Farm Bureau Cooperative Association, Inc., (IFBCA) with headquarters in Indianapolis, Ind., was organized in its present form in February 1927.

On December 31, 1975, it had 77 countywide-member farm bureau cooperatives in Indiana and 1 in Kentucky with a total of 240 distribution points. These associations had about 140,000 members, about 90 percent of them farmers. IFBCA did not serve any nonmember cooperatives.

Twenty-six county associations were under management and financing arrangements with IFBCA.

Membership in IFBCA is obtained by purchasing a \$100 share of common voting stock and agreeing to the provisions of the bylaws. Only the county associations hold such stock. Each member association has only one vote.

IFBCA has 10 directors elected by districts for 3-year terms, and one public director appointed annually by the board of directors. IFBCA is independent of the Indiana Farm Bureau, Inc., but one or more directors may be on the boards of both organizations. The same relationship exists among the county Farm Bureau cooperatives and county Farm Bureaus.

IFBCA has two wholly owned subsidiaries—The Farm Bureau Oil Company, which handles crude oil buying, producing, and pipeline operations; and Fabuco Services, which does business at the retail level.

IFBCA began marketing farm products in March 1947, when it started the Poultry and Egg Department. In October 1947, the Indiana Wool Growers merged with IFBCA, and in October 1949, the Indiana Grain Cooperative merged with it.

On December 31, 1975, the Indiana Grain Marketing Division of the association was serving 175 local cooperative elevators in the State—most owned by the member county associations.

A diversified line of supplies and equipment is handled by the organization (table 47). Sales of farm products are shown in table 48.

Sales of supplies at retail by IFBCA's subsidiary totaled \$1,959,596 in 1975 and \$2,734,561 in 1974.

Sales of products in 1975 included 257,898 tons of feed, 540,748 tons of fertilizer, and 207,560,944 gallons of refined fuels.

Total net margins and their distribution for the past 2 years are shown in table 49. The association derived about 35 percent of these net margins in 1975, and 60 percent in 1974, from supply purchasing operations; the remainder came from marketing operations.

IFBCA also made cash retirements of its revolving capital in each of the past 2 years. In 1974, the association retired \$2,036,800 worth of preferred stock, and in 1975 it retired \$3,530,900.

The financial condition, net worth items, and principal facilities of IFBCA are shown in tables 50-52.

The association also had \$13,446,725 invested in federations of regional cooperatives which operated various manufacturing and wholesaling facilities on December 31, 1975. These investments are included in "other assets" of the association.

On December 31, 1975, IFBCA and its subsidiaries had 1,384 employees. Of these, 626 were engaged in general and administrative activities, 492 in wholesale distribution, manufacturing, and processing operations, 17 in retail operations, and 249 in processing and marketing farm products.

Table 47 — Sales of supplies distributed at wholesale by IFBCA and its subsidiaries, fiscal years ended December 31

Commodities	1975	1974
	<i>1,000 dollars</i>	
Feed	35,911	37,466
Seed	2,166	2,244
Fertilizer	66,166	42,576
Petroleum products	76,626	65,329
Tires, batteries, and accessories	1,385	1,437
Farm machinery and parts	1,104	930
General farm equipment, electrical equipment, and appliances	3,611	3,901
Hardware	1,543	1,529
Lumber, paint, and other maintenance equipment	13,688	15,641
Pesticides	15,940	14,330
Chicks, eggs, and turkey poults	3,235	3,416
General supplies ¹	7,864	5,351
Total	229,239	194,150

¹ Includes such items as twine, coal, steel products, bulk plant equipment, printing supplies, and wool growers' supplies.

Table 48 — Sales of farm products marketed by IFBCA

Commodities	1975	1974
<i>1,000 dollars</i>		
Grain	458,326	430,408
Eggs	6,756	6,639
Wool	226	342
Total	465,308	437,389

Table 49 — Distribution of net margins of IFBCA and its subsidiaries, fiscal years ended December 31

Distribution of net margins	1975	1974
<i>Dollars</i>		
Federal income taxes	3,630,000	2,402,500
Cash dividends on capital stock	55,092	67,320
<i>Patronage refunds:</i>		
Cash or equivalent	4,162,264	2,525,733
Capital stock (principally)	12,469,900	5,880,500
Additions to capital reserves	4,557,788	2,610,991
Total	24,875,044	13,487,044

Table 50 — Condensed balance sheet of IFBCA and its subsidiaries as of December 31

Item	1975	1974
<i>1,000 dollars</i>		
<i>Assets:</i>		
Current assets	158,320	177,140
Fixed assets (net)	40,817	35,674
Other assets	17,802	12,507
Total	216,939	225,321
<i>Liabilities and net worth:</i>		
Current liabilities	120,486	145,141
Debenture bonds ¹	4,776	4,792
Other deferred liabilities	17,238	14,472
Net worth (shareholder and patron equities)	74,439	60,916
Total	216,939	225,321

¹ Bearing 5 to 6½ percent interest and maturing serially through 1993.

Table 51 — Net worth of shareholder and patron equities of IFBCA and subsidiaries on December 31, 1975

Item	Amount
	<i>Dollars</i>
Preferred capital stock (Class A)—\$100 par value	1,216,300
Common stock (voting)—\$100 par value	7,700
Preferred stock (Class B)—\$100 par value	43,223,600
Patronage refunds to be applied against stock subscriptions	12,261,200
General reserve	14,021,886
Patrons' equities—allocated	2,611,097
Retailed earnings	1,096,855
Total	74,438,638

Table 52 — Type and capacity of principal facilities owned by IFBCA and its subsidiaries on December 31, 1975

Facilities	Number of plants or units	Annual operating or storage capacity and unit
<i>Wholesaling and manufacturing of supplies:</i>		
Wholesale farm supply warehouse	1	264,000 sq. ft.
Fertilizer plants	2	150,000 tons
Petroleum refinery	1	4,776,000 bbls.
Petroleum product pipelines	—	230 miles
Petroleum terminals and pump stations	7	4,000,000 bbls.
Feed mills	3	175,000 tons
Seed plant	1	5,000,000 lbs.
Hatchery	1	4,000,000 chicks
Poultry breeding farm	1	— —
<i>Marketing farm products:</i>		
Grain terminals (storage) ¹	6	20,250,000 bus.
Egg processing plant	1	100,000 cases
<i>Farm Bureau Oil Co. (subsidiary):</i>		
Crude oil pipeline	—	373 miles
<i>Fabuco, Inc. (subsidiary):</i>		
Retail units	3	— —

¹ In addition, 11,000,000 bushels of capacity was leased.

Landmark, Inc.

Landmark, Inc., with headquarters at Columbus, Ohio, was organized as the Farm Bureau Cooperative Association, Inc., on July 31, 1933. Its name was changed to Landmark, Inc., on January 1, 1971.

On December 31, 1975, Landmark was serving 65 member associations with 187 distributing points in Ohio. These cooperative outlets served about 78,000 members of which almost 100 percent were farmers. Landmark also owned and operated local supply and marketing facilities that served about 10,000 farmers in 8 counties.

Thirty-five member associations were under management and financing agreements with Landmark.

Membership in Landmark is obtained by purchasing a \$25 share of common stock and agreeing to the provisions of the bylaws. Each share of common stock has one vote. The common stock is held by the local cooperatives and the Ohio Farm Bureau Federation, with the latter owning a majority of the total. Preferred stock is used for financing purposes and carries no vote.

The same board of 26 directors governs both the Ohio Farm Bureau Federation and Landmark, and they are elected by districts for staggered terms of 3 years. The local cooperatives, in which any farmer is eligible for membership, are independent of the county Farm Bureaus.

On December 31, 1975, Landmark had the following wholly or majority-owned subsidiaries whose operations were consolidated with those of the parent organization: (1) Teeters Packing Co., which has a livestock processing plant at Columbus, Ohio; (2) French City Meats, Inc., which processes hogs and cattle.

Sales of supplies of Landmark and its subsidiaries during the past 2 years are shown in table 53.

Included in these volumes were retail sales of \$10,861,000 in 1975 and \$11,246,000 in 1974.

Sales of products in 1975 included 236,000 tons of feed, 274,000 tons of fertilizer, and 132,200,000 gallons of refined fuels.

Sales of farm products marketed through Landmark and its subsidiaries in the last 2 years are shown in table 54.

Note: The association states that: "This report may be based in whole or in part on estimates believed to be reasonably accurate for the statistical purposes of the inquiring agency when made. Such estimates are not facts or admitted to be such, and any representation to the contrary is expressly disclaimed."

Net margins on total supply and marketing operations during the past 2 years are shown in table 55.

The association did not retire any securities in 1975 and 1974. All securities issued through 1967 have been retired.

In 1975, Landmark redeemed \$833,280 of capital stock and \$1,683,450 of subordinated debenture bonds. In 1974, it redeemed \$837,100 worth of capital stock and \$3,006,095 worth of subordinated debenture bonds.

The financial position, net worth items, and principal facilities of Landmark and its subsidiaries are shown in tables 56 to 58.

About 47 percent of the total capital stock and certificates of ownership represents retained patronage refunds and the remaining 53 percent was sold to member associations and others.

Landmark and subsidiaries, at the end of 1975, also had investments of \$9,938,000 in federations of regional cooperatives that owned manufacturing and wholesaling facilities. In addition, it had \$3,310,000 invested in county Farm Bureau associations, banks for cooperatives, and other companies and organizations.

On December 31, 1975, Landmark and subsidiaries had 1,280 employees. Of these, 470 were engaged in general and administrative activities, 480 in manufacturing and wholesaling operations, 156 in retail distribution, and 174 in processing and marketing farm products.

Table 53 — Types and value of supplies sold by Landmark and its subsidiaries, fiscal years ended December 31

Commodities	1975	1974
	<i>1,000 dollars</i>	
Feed	30,894	32,439
Seed and fertilizer ¹	45,082	42,066
Petroleum products	50,110	43,996
General farm and home supplies; and equipment ²	20,408	18,740
Total	146,494	137,241

¹ Fertilizer represented about 81 percent in 1975.

² Includes tires, tubes, and accessories; pesticides; and building supplies.

Table 54 — Farm products marketed by Landmark

Item	1975	1974
	<i>1,000 dollars</i>	
Grain	201,581	191,603
Pork and beef products	14,717	14,365
Eggs and poultry	29,221	28,089
Total	245,519	234,057

Table 55 — Net margins and their distribution by Landmark and its subsidiaries, fiscal years ended December 31

Distribution	1975	1974
	<i>Dollars</i>	
Federal income taxes	1,288,036	1,724,411
Cash dividends on capital stock	1,014,539	888,725
<i>Patronage refunds in:</i>		
Cash or equivalent	2,359,057	1,444,265
Securities	5,359,050	4,110,700
Additions to capital reserves	1,270,295	899,153
Total	11,290,977	9,067,254

Table 56 — Condensed balance sheet of Landmark and its subsidiaries, fiscal years ended December 31

Item	1975	1974
<i>1,000 dollars</i>		
<i>Assets:</i>		
Current assets	80,385	79,033
Fixed assets (net)	26,815	21,044
Other assets	13,248	13,817
Total	120,448	113,894
<i>Liabilities and net worth:</i>		
Current liabilities	45,910	47,748
Debentures (term)	35,715	33,258
Other liabilities	744	3,286
Net worth (capital and reserves)	38,079	29,602
Total	120,448	113,894

Table 57 — Net worth or shareholders and patrons' equities of Landmark on December 31, 1975

Item	Amount
<i>1,000 dollars</i>	
First preferred stock—\$50 par value	6,480
Class A common stock (voting)—\$25 par	18
Class C common stock—\$50 par	967
Class C/L common stock—\$20 par	5,803
Class D common stock—\$50 par	7,415
Certificates of ownership	4,407
Allocated operating capital reserve	7,572
General reserves and unallocated surplus	5,417
Total	38,079

Table 58 — Type and capacity of principal facilities owned by Landmark and its subsidiaries on December 31, 1975

Facilities	Number of plants or units	Annual operating or storage capacity and unit
<i>Supplies:</i>		
Wholesale farm supply warehouse	1	92,000 sq. ft.
Feed mills	3	200,000 tons
Fertilizer manufacturing plant	1	90,000 tons
Seed corn processing plant	1	100,000 bu.
Retail supply facilities	4	—
<i>Marketing:</i>		
Terminal grain elevators	5	9,000 bu.
Alfalfa dehydrating plants	2	12,500 tons
Egg marketing plants	2	1,050,000 cases

Tennessee Farmers Cooperative

Tennessee Farmers Cooperative (TFC), La Vergne, Tenn., was organized on September 27, 1945. On July 31, 1975, it was serving 80 member cooperatives in Tennessee—most of whom operate on a countywide basis. They in turn were serving about 70,000 members—100 percent of whom were farmers. It also served five nonmember cooperatives. Ten local associations were under management and financing arrangements with TFC.

Membership in TFC is obtained by purchasing a \$100 share of common stock and agreeing to provisions of the bylaws. Each member association has only one vote. TFC has eight directors—seven elected by districts for staggered terms of 7 years and one public director elected by the seven.

TFC is independent of the Tennessee Farm Bureau Federation, but a director may serve on the board of directors of both organizations. The same relationship exists among the member cooperatives and county farm bureaus.

TFC has one wholly owned subsidiary—Farmers Credit Service—set up in 1962 to collect old accounts of member associations and help them upgrade credit procedures.

The types and volume of supplies sold by TFC in the past 2 fiscal years are shown in table 59.

Sales in fiscal 1975 included 307,000 tons of feed, 336,000 tons of fertilizer, and 30,507,000 gallons of refined fuels. Volume in fiscal 1974 included 300,000 tons of feed, 359,000 tons of fertilizer, and 29,056,000 gallons of refined fuels.

In April 1961, TFC acquired a grain elevator and began providing a marketing service principally for wheat and soybeans. On August 1, 1966, the marketing division assets, net of liabilities, were transferred to a subsidiary, TFC Marketing Service, Inc. On May 1, 1974, the assets of TFC Marketing Service, Inc. were sold to Gold Kist Inc. of Atlanta, Ga. TFC discontinued operations due to net losses sustained.

Net margins of TFC in fiscal 1975 totaled \$9,525,000—all of which were derived from production supply operations. In fiscal 1974, they totaled \$7,969,000 from supply operations. Their distribution is shown in table 60.

In addition, at the end of fiscal 1975, the association paid out \$1,525,000 in cash to the member cooperatives on special performance programs. The amount of such incentive payments in 1974 was \$506,000.

TFC has operated a revolving capital plan which has not been under a firm advance commitment. Allocated reserves are now revolved on a 5-year basis and preferred stock on a 10-year basis.

In fiscal 1975, TFC paid back \$366,000 worth of allocated reserves set up in 1968, and redeemed \$1,240,000 worth of preferred stock issued in 1964. In 1974, it paid back \$294,000 worth of allocated reserves set up in 1967. Holders of recalled stock were encouraged to reinvest in debenture bonds.

Net margins available for patrons since organization in 1945 have totaled \$70,970,000. Of this amount, the association paid \$8,000,000 as cash dividends on capital stock, \$14,365,000 in cash patronage refunds, \$31,524,000 as patronage refunds in capital stock and debentures, and retained \$17,081,000 as patrons' allocated reserves.

TFC has retired member equities totaling \$14,715,000 since organizing. In addition, it has paid substantial incentive payments to member cooperatives participating in special performance programs.

The financial condition, net worth, and principal facilities of TFC on July 31, 1975 and 1974, are shown in tables 61 through 63.

At the end of fiscal 1975, TFC also had \$16,191,000 invested in federations of regional cooperatives that operated manufacturing and wholesaling facilities.

On July 31, 1975, TFC had 610 employees. Of this number, 150 were engaged in general and administrative activities and 460 were in manufacturing, processing, and wholesaling supplies, including warehousing and transportation.

Table 59 — Net sales of supplies at wholesale by TFC, fiscal years ended July 31

Commodities	1975	1974
	<i>1,000 dollars</i>	
Feed	46,226	43,478
Fertilizer	39,459	30,306
Seed	7,553	7,518
Petroleum products	12,072	11,468
Tires, batteries & accessories	7,057	4,716
Hardware, building supplies, and general farm supplies	13,369	14,016
Agricultural chemicals	11,073	8,299
Materials handling equipment	493	550
Total	137,302	120,351

Table 60 — Net margins and their distribution by TFC

Distribution of net margins	1975	1974
<i>Dollars</i>		
Cash dividends on capital stock	563,551	561,517
Patronage refunds paid in cash	4,561,422	2,623,000
Additions to allocated reserves	2,875,000	4,864,280
Additions to general reserves (tax-paid surplus)	0	14,000
Federal income taxes	0	4,000
Total	7,999,973	8,066,797

Table 61 — Condensed balance sheet of TFC on July 31

Item	1975	1974
<i>1,000 dollars</i>		
<i>Assets:</i>		
Current assets	19,365	20,524
Fixed assets (net)	8,915	9,571
Other assets	16,487	15,837
Total	44,767	45,932
<i>Liabilities and net worth:</i>		
Current liabilities	10,746	12,073
Debenture bonds	11,104	14,468
Capital stock & patrons' equity	22,917	19,391
Total	44,767	45,932

Table 62 — Net worth of member and patron equities of TFC on July 31, 1975

Item	Amount
<i>1,000 dollars</i>	
Preferred stock @ \$10 par value	6,099
Common stock @ \$100 par value	8
Patron's allocated reserves	9,374
Unallocated current net margins	7,436
Total	22,917

Table 63 — Type and capacity of principal facilities owned by TFC on July 31, 1975

Facilities	Number of plants or units	Annual operating or storage capacity and unit
Warehouses	3	231,903 sq. ft.
Fertilizer plants	3	40,000 tons
Seed plants	3	23,600,000 lbs.
Feed mills	5	500,000 tons
Tire recapping plant	1	36,000 tires

FCX, Inc.

FCX, Inc., with headquarters at Raleigh, N.C., was organized on March 12, 1934, as Farmers Cooperative Exchange, Inc. Its name was changed in December 1965.

FCX is a centralized cooperative with farmers holding direct membership in it. Any farmer may become a member by acquiring a \$1 share of common stock and agreeing to comply with the bylaws. Each member has only one vote. On June 30, 1975, FCX had 209,625 members in North and South Carolina, and with the exception of a few member cooperatives, all of them were farmers. FCX also serves a substantial number of other rural and suburban patrons.

FCX has 11 directors elected at the annual meetings for staggered terms of 3 years. The 11 directors are nominated on a district basis by owners of FCX common stock.

On June 30, 1975, supplies were distributed through 87 FCX-operated retail service centers, 5 nonaffiliated independent cooperative associations, and 150 independent dealer-agencies. The dealer-agencies distribute supplies under a franchise with FCX, and maintain patronage records of business transacted with FCX members so that it may distribute patronage refunds direct to these members. About 85 percent of FCX's total supply volume moved through the service centers; 5 percent through independent cooperatives; and 10 percent through dealer-agencies in fiscal 1975. FCX has no subsidiaries.

Gross and net sales of FCX for the last 2 fiscal years ending on June 30 are shown in table 64.

The net sales of supplies are shown in table 65.

Sales in fiscal 1975 included 205,549 tons of feed, 347,577 tons of fertilizer, and 40,711,000 gallons of refined fuels. Volumes sold in fiscal 1974 consisted of 179,336 tons of feed, 315,418 tons of fertilizer, and 35,332,000 gallons of refined fuels.

Sales of farm products marketed for patrons are listed in table 66.

Net margins of the FCX system and their distribution are shown in table 67. About 75 percent of the net margins were derived from supply operations in fiscal 1975 and 78 percent came from them in fiscal 1974.

FCX operates on a revolving capital basis, and redeemed \$3,234,271 worth of capital stock, debentures, and patronage refund certificates and allocations in fiscal 1975 and \$720,606

worth in fiscal 1974. The stock was redeemed upon request and the debentures at maturity dates.

Total net margins available for distribution to patrons of the combined FCX system since organizing through June 30, 1975, were \$38,128,553. Of this amount, FCX paid \$9,695,697 as cash dividends on capital stock; \$5,856,320 as cash patronage refunds; \$15,787,152 as patronage refunds in capital stock, debentures, and patrons' equities; and retained the remaining \$6,789,384 for working capital and other reserves.

The financial condition, net worth items, and principal facilities of FCX are shown in tables 68-70.

FCX's investment in federations of regional cooperatives that operated manufacturing and wholesale facilities amounted to \$3,162,309 on June 30, 1975.

On this date, the FCX system had 1,519 employees. Of these, 286 were engaged primarily in general and administrative activities, 393 in supply manufacturing, seed processing, and wholesale distribution (including warehousing and transportation), 800 in retail distribution, and 40 in processing and marketing farm products.

Table 64 — Gross and net sales of FCX, fiscal years ended June 30

Type	1975	1974
<i>1,000 dollars</i>		
Wholesale sales of supplies (including transfers from manufacturing plants)	136,253	115,753
Retail sales of FCX supply stores	93,637	78,511
Less intracompany sales	<u>109,666</u>	<u>91,171</u>
Net sales of supplies	120,224	103,093
Farm products sales by FCX Marketing Division	48,479	34,682
Farm products sales by FCX local stores	114	284
Less intracompany sales	<u>8,972</u>	<u>6,168</u>
Net sales of farm products	<u>39,621</u>	<u>28,798</u>
Total net sales (per annual report)	159,845	131,891

Table 65 — Net volume of supplies and equipment sold by FCX—part at wholesale and part at retail—fiscal years ended June 30¹

Commodities	1975	1974
<i>1,000 dollars</i>		
Feed and feed grains	36,416	34,579
Fertilizer	28,277	20,610
Seed	8,722	7,794
Petroleum products	14,845	10,750
Tires, tubes, and batteries	1,439	1,242
Sprays and dusts	11,109	8,598
General farm supplies ²	19,416	19,520
Total ³	120,224	103,093

¹ After eliminating intracompany transfers.

² Includes building materials, livestock and poultry equipment, paint, hardware, grain bins, pumps, fencing, lawn mowers, and other tools.

³ In addition, service revenue totaled \$3,272,834 in 1975 and \$2,521,100 in 1974.

Table 66 — Net sales of farm products marketed by FCX

Commodities	1975	1974
<i>1,000 dollars</i>		
Grains	28,832	19,269
Eggs and poultry	10,789	9,529
Total	39,621	28,798

Table 67 — Total net margins of FCX's wholesale, retail, and marketing system, and their distribution

Distribution	1975	1974
<i>Dollars</i>		
Income taxes	1,127,837	1,504,069
Cash dividends on capital stock	427,022	454,690
Patronage refunds in cash	1,455,348	1,610,566
Patronage refunds paid in capital stock, debentures, and patrons' equities	4,122,369	1,515,419
Additions to capital reserve	2,165,292	2,963,492
Total	9,297,868	8,048,236

Table 68 — Condensed balance sheet of FCX on June 30

Item	1975	1974
<i>1,000 dollars</i>		
<i>Assets:</i>		
Current assets	53,965	51,254
Fixed assets (net)	15,566	14,492
Other assets	<u>7,924</u>	<u>9,211</u>
Total	77,455	74,957
<i>Liabilities and net worth:</i>		
Current liabilities	35,763	37,340
Other liabilities	9,675	10,728
Subordinated and other debentures	9,967	10,069
Capital stock and other member equities	<u>22,050</u>	<u>16,820</u>
Total	77,455	74,957

Table 69 — Shareholders and patrons' equities of FCX on June 30, 1975

Item	Amount
<i>1,000 dollars</i>	
Capital stock—common	210
Capital stock—preferred	6,137
Patrons' certificates of equity allocated	8,914
Capital reserves (self-insurance; working capital)	2,176
Current year's net margins allocable after patronage refund payable in cash	<u>4,613</u>
Total	22,050

Table 70 — Type and capacity of principal facilities owned by FCX on June 30, 1975

Facilities	Number of plants or units	Annual operating or storage capacity and unit
<i>Regional—wholesale and manufacturing:</i>		
Farm supply warehouses	3	186,000 sq. ft.
Feed mills	3	165,000 tons
Fertilizer mixing plants	2	100,000 tons
Seed cleaning plants	3	3,000,000 lbs.
<i>Regional—marketing:</i>		
Grain elevators	22	1,500,000 bus.
Egg processing plants	2	400,000 cases
<i>Local—retail and marketing:</i>		
Farm supply stores	87	—
Bulk petroleum plants (including LP gas plants)	17	—

MFC Services (AAL)

MFC Services (AAL)⁴ with headquarters in Jackson, Miss., was first incorporated as Mississippi Farm Bureau Federation (AAL) in 1930. It had been purchasing fertilizer on a wholesale basis for its county farm bureau units since 1922. In 1935, it was reorganized as a separate association—Mississippi Federated Cooperatives (AAL). The present name was adopted in 1965.

On May 31, 1975, MFC had 95 member local cooperatives in Mississippi, Louisiana, and Alabama to which it provided production supplies. They had about 75,000 members, 95 percent of whom were farmers. MFC also served 15 nonmember local cooperatives.

On this date MFC also had 3,144 individual grower members who marketed farm products through the association, stored cotton, or produced on contract broilers, eggs, breeder birds, or seeds for the association.

Local cooperatives may become members of MFC by acquiring shares of Class A common stock with a par value of \$5 each and agreeing to comply with the bylaws. Individual farmers may become members by acquiring one share of Class D preferred stock with a par value of \$1. Only such farmer members may acquire Class B preferred with a par value of \$100 a share. Class C preferred with a par value of \$100 a share is available to anyone.

Under the State law, holders of each share of common and preferred stock are entitled to cast one vote for each share, except Class C preferred which is defined as nonvoting in the articles of incorporation. In practice, however, stock voting has been limited to the election of directors; one vote per member has been used in other matters.

The bylaws provide that the total outstanding shares of Class B and D preferred stock cannot exceed the outstanding shares of Class A common and Class A preferred.

MFC has nine directors elected for 3-year terms on a staggered basis. Three are elected on the basis of the three Supreme Court districts in Mississippi, four are elected at large from Mississippi, and two are elected at large from Louisiana.

MFC has the following majority or wholly owned subsidiaries: (1) Lamar Refining Company, which provides petroleum

⁴These letters which refer to the Agricultural Association Law in Mississippi, must appear after the name of each cooperative incorporated under it.

products to local members; (2) Thompson Leasing, Inc., whose function is to lease or finance vehicles for MFC members, (3) Producers Poultry Cooperative, which produces the various poultry products for MFC's programs, and (4) Cloverleaf Cooperative, which provides farm supplies through branch stores to its farmer members.

The wholesale value of supplies sold by MFC and its subsidiaries during the past 2 years is shown in table 71.

Sales in fiscal 1975 included 425,500 tons of feed, 469,580 tons of fertilizer, and 26,065,369 gallons of refined fuels. Sales in fiscal 1974 were 381,204 tons of feed, 457,496 tons of fertilizer, and 27,480,704 gallons of refined fuels.

MFC began marketing and providing a loan service for cotton in 1940; marketing grain in 1951; eggs in 1959; pecans in 1959; broilers in 1962; vegetables in 1965; rice in 1966; and soybeans in 1970. Sales of such products in the past 2 years are shown in table 72.

MFC realized total net margins of \$9,179,000 in fiscal 1975 of which \$8,563,867 came from manufacturing and distributing farm production supplies. Net margins in fiscal 1974 totaled \$6,141,939, of which \$5,694,009 was from supply operations. The distribution of such margins is shown in table 73.

The association does not operate on a revolving capital plan. In fiscal 1975, however, it redeemed \$331,725 of capital stock and \$45,415 of allocated margins and equity credits. In fiscal 1974, it had no retirements of capital stock or allocated margins and equity credits.

The financial position, net worth items, and principal facilities are shown in tables 74-76.

MFC also had \$10,915,948 invested in other cooperatives which operated various manufacturing and wholesaling facilities on May 31, 1975. The principal associations were Mississippi Chemical Corporation, Yazoo City, Miss.; Universal Cooperatives, Inc., Alliance, Ohio; Riceland Foods, Inc., Stuttgart, Ark.; and Farmers Export Co., Kansas City, Mo.

On May 31, 1975, the association had 1,850 employees. Of these, 187 were engaged primarily in general and administrative activities, 400 were in supply wholesaling and manufacturing and seed processing operations, and 1,263 were in marketing and processing farm products.

Table 71 — Wholesale sales of supplies by MFC and its subsidiaries, fiscal years ended May 31

Supplies	1975	1974
<i>1,000 dollars</i>		
Feed	58,147	48,937
Seed	8,523	8,308
Fertilizer	27,605	23,628
Petroleum products	1,224	—
Pesticides (chemicals)	6,562	6,106
Chicks	4,625	3,456
General farm supplies	5,324	6,793
Traffic revenue	446	357
Total	112,456	97,585

Table 72 — Sales of farm products by MFC and subsidiaries, fiscal years ended May 31

Product	1975	1974
<i>1,000 dollars</i>		
Eggs	19,726	18,262
Broilers	43,151	38,184
Rice	12,240	14,659
Total	75,117	71,105

Table 73 — Distribution of net margins of MFC and subsidiaries, fiscal years ended May 31

Item	1975	1974
<i>1,000 dollars</i>		
Cash dividends on capital stock paid prior to closing year	391,539	447,930
Patronage refunds in cash	2,431,629	1,627,121
Retained as allocated margins or equity	6,355,972	4,066,888
Total	9,179,140	6,141,939

Table 74 — Condensed balance sheet of MFC and subsidiaries on May 31

Item	1975	1974
<i>1,000 dollars</i>		
<i>Assets:</i>		
Current assets	52,889	31,806
Fixed assets (net)	11,662	9,247
Investments and other assets	15,032	10,942
Total	79,583	51,995
<i>Liabilities and net worth:</i>		
Current liabilities	32,456	17,004
Other liabilities	19,418	13,219
Net worth or members' equities	27,709	21,772
Total	79,583	51,995

Table 75 — Net worth or members' equity of MFC and subsidiaries on May 31, 1975

Item	1975
<i>Dollars</i>	
Common stock	1,806
Preferred stock (classes A, B, C, and D)	6,037
Allocated margins	10,617
Reserves for contingencies	461
Net margins for current year not yet distributed	8,788
Total	27,709

Table 76 — Type and capacity of principal facilities owned by MFC and its subsidiaries on May 31, 1975

Facilities	Number of plants or units	Annual operating or storage capacity and unit
<i>Wholesaling & manufacturing:</i>		
Feed mills	8	485,583 tons
Seed plants	1	2,080,000 lbs.
Supply warehouses	4	91,300 sq. ft.
Hatcheries	3	38,609,000 chicks
<i>Marketing:</i>		
Poultry processing plants	3	107,085,008 lbs.
Egg handling plants	5	500,000 cases
Grain elevator	1	150,000 bus.

Farmers Union Grain Terminal Association

Farmers Union Grain Terminal Association (GTA), with headquarters at St. Paul, Minn., began operations June 1, 1938. It is primarily a grain marketing and processing regional cooperative. Its feed mills supply feed to many local cooperatives and some individuals in Minnesota, North Dakota, South Dakota, Montana, and to a few in adjoining States. It also furnishes feeds and other farm supplies to individual producers through its own line of elevators in Minnesota, Montana, and the Dakotas. Also, it sells building supplies through its own line of lumber yards to individuals and builders and to a few local cooperatives in these four States plus some in Iowa, Nebraska, and northern Illinois, and constructs buildings for individuals as well.

Membership in GTA consists of affiliated local elevator associations, patrons' associations, and individuals who are producers of farm products. Membership is applied for and acquired by patronizing GTA and agreeing to a written notification and copy of the bylaws providing for consent to take patronage allocations into income. GTA does not issue capital stock.

On May 31, 1975, GTA had the following types and number of members:

(1) 464 affiliated associations (independent local cooperatives). To be eligible they must market at least 10 percent of their agricultural products through GTA during the preceding year, or must purchase the major portion of their farm production supplies through GTA during the preceding year; or if they do not meet these two criteria, they must purchase from GTA "substantially all" of their needs of those supplies or products that are available from GTA.

(2) 263 patrons' associations (formed around each of 144 line elevators and 119 lumber yards owned by GTA) with 137,000 members, which includes considerable duplication.

No individuals, who as members or patrons of these two groups of associations, exercised their option to attend the last annual meeting in person and cast their individual ballots, a right set forth in the bylaws of the organization.

In addition, GTA served about 175 nonmember local cooperatives in 1975. None of the member or nonmember cooperatives was under management agreement with GTA, but about 35 of the affiliates were financed through GTA.

Each affiliated association is entitled to one vote for each currently active patron, with a minimum of 200 votes and a max-

imum of 2,000 votes, except that number of votes above 200 is limited by applying the percentage of its grain marketing which goes through GTA during the period in question to the number of its current active patrons.

Each patron association is entitled to one vote for each currently active patron with a minimum of 200 votes and a maximum of 2,000 votes with no further limit since all of its marketings are through GTA.

Such votes by affiliated associations and patrons' associations are cast by elected delegates, with each association entitled to one delegate for each 200 votes or major fraction thereof which it holds.

Each "individual" member or patron is entitled to one vote to be cast in person, or by mail on specified proposals, at annual or special meetings of GTA, provided he follows procedures set forth in the bylaws prior to the meeting.

GTA has a board of 13 directors who are elected by the delegates from their State, for staggered terms of 3 years. Distribution by States is set by the articles of incorporation and based on the relative amount of grain shipped to GTA. Since 1957, there have been five directors from North Dakota, three each from Minnesota and Montana, and two from South Dakota.

GTA is independent of the State Farmers Union organizations in the area it serves. It does, however, annually prorate 5 percent of its net savings, before any distribution to patrons, among these State organizations to promote and organize cooperatives and to carry on cooperative education.

GTA has no majority or wholly owned subsidiaries. On June 1, 1971, three related companies—Froedtert Malt Corporation, Great Plains Supply Co., and Honeymead Soybean Co.—were merged into the organization.

GTA had total revenues of \$1,278 million in fiscal 1975 and \$1,164 million in fiscal 1974. Sales of grain and processed grain products, other than feeds furnished to members and patrons, totaled \$1,166 million and \$1,065 million in the two respective years. These sales came from 257 million bushels handled in fiscal 1975, and 326 million bushels in fiscal 1974.

In addition to grain sales, revenues from services were \$11.8 million in fiscal 1975 and \$6.8 million in fiscal 1974. These came from grain storage and handling, sales commissions, interest on funds extended to local cooperatives to buy grain, feed grindings, and other custom services.

Total net savings from all GTA operations and their distribution for the past 2 years are shown in table 78. Net savings, before estimated income taxes, on feed and supplies (Feed Division, Great Plains Supply Division, and feed and supply operations of the line elevators) totaled \$3,955,000 in fiscal 1975 and \$5,380,000 in fiscal 1974.

In addition, GTA redeemed in cash \$1,729,019 of capital certificates—mostly held by estates of deceased patrons—in fiscal 1975 and \$807,564 of such certificates in 1974.

Sales of feed, building materials, and other supplies totaled \$95.2 million in fiscal 1975 and \$86.9 million in 1974 as indicated in table 77.

The total quantity of feed sold by GTA was 263,376 tons in fiscal 1975 and 203,047 tons in 1974.

The association does not operate on a revolving capital basis. Ten-year revolving certificates issued by Great Plains Supply Co., for many years have all matured, but amounts not claimed by owners are carried as a liability in the balance sheets.

Since organization, GTA's total savings before income taxes, in round figures, have been \$181 million. Of this, \$48 million has been paid in cash to shareholders or patrons, or their estates. This amount went to pay 20 percent of the refunds on current patronage beginning with 1951, to redeem equity certificates or stock issued for patronage savings, and to pay dividends on preferred capital certificates.

Payment of income taxes due of \$8 million left a net worth of \$125 million in member capital on May 31, 1975. Items making up this capital or net worth are shown in table 80.

The financial position, net worth or capital, and principal facilities of GTA are shown in tables 79-81.

GTA, at the end of fiscal 1975, also had investments of \$12,535,714 in federations of regional cooperatives that owned marketing or supply facilities. This included GTA's share of terminal elevators at St. Louis, Mo., and Ama, La., with total capacity of 15,900,000 bushels—not included in storage figures given in table 81.

On May 31, 1975, GTA had 3,305 employees. Of these, 435 were engaged in general and administrative activities, 924 were in grain marketing and processing (exclusive of line elevators), 633 were in line elevators, 367 were in feed manufacturing, and 946 were in the distribution of building supplies (lumber yards).

Table 77 — Supply sales partly at wholesale and partly at retail—by GTA during years ended May 31 ¹

	1975	1974
	1,000 dollars	
Feed	39,845	36,291
Seed	2,155	2,050
Fertilizer	9,981	5,901
Petroleum and coal	489	471
General farm supplies	3,852	4,253
Building materials	<u>38,854</u>	<u>37,915</u>
Total ¹	95,176	86,881

¹ Consists of these types: (a) Estimated *retail sales* by GTA feed division, line elevators, and Great Plains lumber yards were approximately \$47.6 million in fiscal 1975 and \$46.4 million in fiscal 1974; (b) estimated *wholesale sales* by Feed Division and Great Plains Supply Division to local cooperatives, other firms, and outside contractors (exclusive of feed and other supplies sold to Line Elevator Division) totaled approximately \$27.9 million in fiscal 1975 and \$24.8 million in fiscal 1974.

Table 78 — Net savings, before income taxes, and their distribution by GTA, fiscal years ended May 31

Distribution	1975	1974
	1,000 dollars	
Income taxes	3,700	3,100
Cash dividends on preferred capital certificates	58	63
<i>Patronage refunds in:</i>		
Cash or equivalent	¹ 5,300	8,032
Capital equity certificates	21,239	32,126
Addition to capital reserves	<u>¹ 2,582</u>	<u>2,251</u>
Total	32,879	45,572

¹ Estimate.

Table 79 — Condensed balance sheet of GTA as of May 31

Item	1975	1974
	1,000 dollars	
<i>Assets:</i>		
Current assets	180,628	187,274
Fixed assets (net)	79,746	61,628
Other assets	<u>12,777</u>	<u>9,787</u>
Total	273,151	258,689
<i>Liabilities and net worth:</i>		
Current liabilities	144,815	149,848
Long-term liabilities	3,453	5,918
Capital (net worth)	<u>124,884</u>	<u>102,923</u>
Total	273,151	258,689

Table 80 — Net worth or capital of GTA on May 31, 1975

Item	Amount
	1,000 dollars
Preferred capital certificates (6%)	941
Capital equity certificates	89,320
Patronage dividends payable in capital equity certificates	21,239
Capital reserve	13,384
Total	124,884

Table 81 — Type and capacity of principal facilities owned by GTA on May 31, 1975

Facilities	Number of plants or units	Annual capacity and unit	
		Operating	Storage
<i>Supplies:</i>			
Feed mills	11	Dry: 200,000 tons/8 hr. Liq: 180,000 tons/8 hr.	— —
Lumber yards	119	—	—
<i>Marketing:</i>			
Line elevators	144	—	25,341,000 bus.
Terminal elevators	6	—	29,400,000 bus.
Subterminal elevators	4	—	2,100,000 bus.
Grain marketing offices	14	—	—
Durum wheat mill	1	5,000 cwt flour per 24 hr.	200,000 bus.
Malt plants	3	20 mil. bu/hr.	10,000,000 bus.
Soybean plant	1	68,000 bu/day	3,250,000 bus.
Linseed oil plant	1	700 tons/day	
Flaxseed—		—	2,500,000 bus.
Sunflower		—	¹ 750,000 bus.
Dry edible bean plants	3	—	205,000 cwt

¹ Flat storage for sunflowerseed.

Western Farmers Association

Western Farmers Association (WFA), with headquarters in Seattle, Wash., was organized in February 1917 as the Washington Cooperative Egg and Poultry Association. Its name was changed in February 1945 to Washington Co-Operative Farmers Association when membership and services were broadened. The name was changed again in February 1960 to Western Farmers Association when it extended services to many Oregon and Idaho farmers.

WFA is a centralized, integrated cooperative with farmers as members and many suburban-rural residents as other patrons. On May 31, 1975, WFA had 92,000 active patrons, which included about 32,000 regular members, located in Washington, Oregon, and Idaho. Anyone engaged in producing farm products in commercial quantities can become a regular member by paying a \$2 fee at the time of joining. Each active member has one vote in the election of a director and can use any or all services offered by WFA. Those wishing to market farm products sign agreements covering specified commodities. Other patrons, including associate members, can use the services of WFA but do not have a vote in director elections.

The association has 17 directors, 16 of whom are elected by districts for staggered terms of 3 years, and one who is appointed by the Washington State Director of Agriculture to represent the public. Patrons are served through 49 branches and dealers in Washington, 14 branches and processing plants in Oregon, and one branch in Idaho.

Branches and dealers, through the Member Services Division, handle poultry and livestock feed in bulk and sack, hay, petroleum products, bulk and sacked fertilizers and farm chemicals, farm buildings, milking equipment, seed, and general farm and home supplies. Most feeds are delivered direct to farms in bulk; gasoline, LP gas, and heating oils are handled on "keep-full" routes with customers.

The Marketing Division of WFA processes and markets eggs, poultry products, and vegetables. Lynden Farms is the cooperative's primary brand, although a considerable amount of the output is marketed under private label.

The Marketing Division also handles and markets grain for domestic and export sales, and processes and markets seed and dry edible beans. This is accomplished through operation of river

grain terminals and barges, a country elevator system, two seed mills, and one bean processing plant.

Total revenues of WFA, including WFA—Farm Financing Association, for the fiscal year ended on May 31, 1975 were \$157.2 million, compared with \$153.2 million in fiscal 1974.

Sales of the major types of supplies are shown in table 82.

Sales of products in fiscal 1975 included 318,700 tons of feed; 90,200 tons of fertilizer; and 44,126,000 gallons of refined fuels. In the previous year, they consisted of 320,800 tons of feed; 86,200 tons of fertilizer; and 42,143,000 gallons of refined fuels.

Sales of farm products marketed in the past 2 years are shown in table 83.

WFA had net margins of \$4.9 million in fiscal 1975 after paying \$1.35 million interest on finance fund certificates. The fiscal 1974 margin includes a gain from discontinued operations of \$4.2 million and a \$0.4 million charge resulting from a change in accounting method.

The Member Services Division, which handles production supplies, had a net operating income of \$3,532,000 in fiscal 1975 and \$3,492,000 in 1974.

The financial condition and member equities of WFA are shown in table 84.

On May 31, 1975, WFA also had \$7.1 million invested in federated regional cooperatives that operated various manufacturing and wholesaling facilities.

On May 31, 1975, WFA had 1,122 employees. Of these, about 192 were engaged in general office and administrative work, 629 were in member services activities (mainly with production supplies), and 301 were in the marketing and processing of farm products.

During the past 2 years, WFA has made much progress in its struggle to reestablish operations on a sound basis. Under its Forward Planning Program, management undertook an operational review and 3-year forecast of the association's then 28 business activities. It enlisted the counsel of experienced people from several large cooperatives, as well as from specialized fields of law, accounting, and finance to provide their expertise.

Since March 1973, WFA has closed and divested itself of 11 of the business activities and reduced the cooperative's work force from more than 2,500 to about 1,200 employees. By March 1975, bank borrowings had been reduced substantially; the association concluded its second consecutive profitable year on May 31,

1975; and the unallocated deficit net of reserves had been nearly cut in half.

Much remains to be done and planning for the future continues as one of WFA's most important activities as it strives to again be a strong service agency for farmers in the Pacific Northwest.

Table 82 — Retail sales of supplies and equipment to patrons by WFA, fiscal years ended May 31

Commodities	1975	1974
<i>1,000 dollars</i>		
<i>Bulk-delivered supplies:</i>		
Feed	35,116	31,493
Fertilizer	8,034	4,367
Petroleum products	18,634	13,586
General farm supplies and equipment ¹	3,382	2,201
<i>Farm store merchandise: ²</i>	<u>29,985</u>	<u>25,510</u>
Total	95,151	77,157

¹ Consists of poultry and general equipment, building materials, and general supplies.

² Includes feed, seed, fertilizer, and other farm supplies sold through farm service stores.

Table 83 — Value of products marketed by WFA, fiscal years ended May 31

Item	1975	1974
<i>1,000 dollars</i>		
Poultry products	13,972	18,879
Potatoes	—	15,522
Vegetables	7,815	8,515
Seed—turf and pasture	4,438	5,382
Seed potatoes	—	939
Beans	1,621	849
Grains	<u>29,303</u>	<u>21,185</u>
Total	57,149	71,271

Table 84 — Condensed balance sheet of WFA, including WFA Farm Financing Association, fiscal years ended May 31

Item	1975	1974
<i>1,000 dollars</i>		
<i>Assets:</i>		
Current assets	36,329	31,932
Fixed assets (net)	14,164	14,914
Other assets	<u>16,451</u>	<u>15,800</u>
Total	66,944	62,646
<i>Liabilities and net worth:</i>		
Current liabilities	25,143	30,123
Other liabilities	31,834	26,961
Finance fund certificates ¹	23,509	24,061
Unallocated deficits, net of reserves	<u>(13,542)</u>	<u>(18,499)</u>
Total	66,944	62,646

¹ Most bear 6 percent interest and mature in 12 or 15 years from date of issue.

Southern Farmers Association

Southern Farmers Association (SFA), with headquarters in North Little Rock, Ark., was organized in 1945. It was organized as the Arkansas Farm Bureau Cooperative, but is now independent of any farm organization in the State. On June 30, 1975, SFA served 81 local member associations which operated 103 retail outlets, and 2 nonmember local cooperatives. These outlets served about 65,000 members; about 85 percent were farmers. None of the member cooperatives were under management or supervision agreements with SFA. The association has no subsidiaries.

Membership in SFA is limited to local cooperatives and is obtained by purchasing a \$100 share of common voting stock and agreeing to the provisions of the bylaws. Each member association has only one vote.

SFA has 14 directors. Of these, 12, or 2 from each of 6 districts, are elected for staggered terms of 3 years. In addition, 1 director is elected for a term of one year from the district purchasing the largest dollar volume from SFA during the preceding year, and 1 director is elected for one year who shall be the president of the managers' association.

Supplies sold at wholesale and net margins realized by SFA during the past 2 years are shown in tables 85 and 86.

Volume in fiscal 1975 included 122,989 tons of mixed feed, 238,740 tons of fertilizer, and 64 million gallons of refined fuels. Volume in 1974 consisted of 109,564 tons of mixed feed, 215,706 tons of fertilizer, and 57 million gallons of refined fuels.

The association discontinued use of its revolving capital plan in 1970.

The financial condition, net worth items, and facilities of Southern Farmers Association are shown in tables 87-89.

SFA also had \$16,330,000 of investments and patrons' equities in regional cooperatives and federation of regionals that were operating various manufacturing facilities. This did not include stock in the bank for cooperatives.

On June 30, 1975, SFA had 171 employees, with 42 engaged in general and administrative activities, 64 in wholesale distribution and seed processing, including warehousing, and 65 in feed milling and distribution.

Table 85 — Wholesale value of supplies sold by SFA, fiscal years ended June 30

Commodities	1975	1974
<i>1,000 dollars</i>		
Feed (direct and warehouse)	16,613	13,456
Seed	6,573	5,918
Farm chemicals	17,550	12,646
Fertilizer	26,311	16,109
Petroleum products	11,551	8,396
Tires, batteries, & accessories	4,095	4,125
Animal health products	1,130	1,054
Steel products	3,370	4,224
Farm equipment (general)	2,236	2,427
Hardware	2,791	2,320
Twines	1,324	1,293
Total (net)	93,544	71,968

**Table 86 — Net savings available to patrons—before dividends on preferred stock—
—and their distribution by SFA**

Distribution of net margins	1975	1974
<i>Dollars</i>		
Cash dividends on preferred stock	20,836	20,836
Cash discount program	651,987	488,376
Cash patronage refunds	5,898,798	3,733,059
Patronage refunds issued in preferred stock	2,317,910	1,073,930
Additions to capital reserves	191,922	57,174
Total	9,081,453	5,373,375

Table 87 — Condensed balance sheet of SFA on June 30

Item	1975	1974
<i>1,000 dollars</i>		
<i>Assets:</i>		
Current assets	16,616	10,436
Fixed assets	2,032	2,051
Other assets	34	30
Investment and equities in cooperatives	16,610	5,790
Total	35,292	18,307
<i>Liabilities and net worth:</i>		
Current liabilities	12,039	6,715
Other liabilities	9,900	2,150
Net worth or member and patrons' equities	13,353	9,442
Total	35,292	18,307

Table 88 — Net worth of members' and patrons' equities of SFA on June 30, 1975

Item	Amount
	<i>1,000 dollars</i>
Preferred stock	6,425
Common stock	8
Retained earnings	185
Unallocated net savings for current year (after dividends on preferred stock)	<u>6,734</u>
Total	<u>13,353</u>

Table 89 — Number and capacity of principal facilities owned and operated by SFA on June 30, 1975

Facilities	Number of plants or units	Annual operating or storage capacity and units
Farm supply warehouse	1	110,000 sq. ft.
Seed plant	1	— —
Feed mill	2	150,000 tons

Farm Bureau Services, Inc.

Farm Bureau Services, Inc. (FBS), with headquarters at Lansing, Mich., was organized on October 25, 1929, to provide a cooperative wholesale supply service for farmer cooperatives in Michigan.⁵

On June 30, 1975, FBS had 92 member associations with about 37,000 members, of which about 88 percent were farmers. It also served 4 nonmember associations (patronage agreement dealers), 145 private dealers, and 19 FBS branch retail outlets—which combined had about 14,000 members. It has no subsidiaries.

FBS managed 21 of these member associations under management contracts and business service agreements.

Farm Bureau Services, Inc., is both a federated and a centralized cooperative. Local farmer cooperatives may become members by acquiring 100 shares of Class A common stock, with a par value of \$1 a share, and agreeing to comply with the bylaws. Each share carries one vote. Michigan Farm Bureau Federation holds a majority of the outstanding shares. Membership in the local cooperatives, however, is not limited to Farm Bureau members.

Individual farmers who are served primarily by retail branches or dealer-agents of FBS may become members of it by acquiring one share of common stock at \$1 par value, or signing a membership agreement if annual purchases of supplies exceeds \$200. This stock also has voting rights. There were 8,406 of these members on June 30, 1975.

The board of 13 directors of Farm Bureau Services, Inc., is made up of 7 members of the Michigan Farm Bureau board and 6 members elected at large by local member cooperatives. Term of office is 1 year.

FBS performs both wholesale and retail supply services and also markets farm products. Its gross and net sales in the past 2 years are shown in table 90.

Net sales of supplies for the past 2 fiscal years are shown in table 91. Sales in fiscal 1975 included 114,399 tons of feed and 137,779 tons of fertilizer. Sales in fiscal 1974 included 114,546 tons of feed and 152,239 tons of fertilizer.

⁵Farm Bureau Services had its beginning in 1920 as the Seed and Supplies Department of the Michigan State Farm Bureau. In 1925 these operations were moved to two new corporations—Farm Bureau Seed Service and Farm Bureau Supply Service. Then in 1929 these were merged as the Farm Bureau Services, Inc.

On November 1, 1962, Michigan Elevator Exchange, a grain and bean marketing cooperative organized on July 19, 1921—became a division of Farm Bureau Services. More than 90 percent of its members were also members of FBS.

Farm products marketed in the past 2 years are shown in table 92.

Total net margins from all operations, after payment of interest on debentures, and their distribution in the past 2 fiscal years are shown in table 93. About 89 percent of the net margins in fiscal 1975 and 64 percent in 1974 were derived from supply operations.

In fiscal 1975 and 1974 FBS did not retire any stock or certificates originally issued in payment of patronage refunds. It has retired all such stock or certificates through 1947 under its revolving capital plan.

Total net margins, after Federal income taxes, since organizing in 1929 have been \$14,846,084. Of this amount, the association has paid \$1,544,083 as cash dividends on capital stock; \$919,618 as cash patronage refunds; \$3,760,124 as unallocated margins. In addition, it has paid a substantial amount of interest on debentures held mostly by members.

Since organization, FBS has retired a total of \$6,747,000 of capital stock and debentures under its revolving capital plan of financing.

The financial condition, net worth items, and principal facilities of FBS are shown in tables 94-96.

On June 30, 1975, FBS also had \$6,759,549 invested in federations of regional cooperatives that operated various manufacturing and wholesaling facilities.

On this date, FBS had 603 employees. Of these, 113 were engaged in general administrative work; 134 were in supply manufacturing and wholesaling, including warehousing and transportation; 230 in supply retailing; and 126 were in marketing farm products.

Table 90 — Gross and net sales of FBS, fiscal years ended June 30

Type	1975	1974
<i>1,000 dollars</i>		
Wholesale sales of supplies	48,481	44,631
Retail sales of supplies	24,965	20,970
Less intracompany transfers	<u>17,618</u>	<u>11,487</u>
Net sales of supplies	55,828	54,114
Sales of farm products by FBS marketing divisions	169,661	175,044
Sales of farm products by FBS local stores or branches	13,541	16,332
Less intracompany transfers	<u>10,495</u>	<u>15,177</u>
Net sales of farm products	<u>172,707</u>	<u>176,199</u>
Total net sales (per annual report)	228,535	230,313

Table 91 — Net sales of supplies by FBS—partly at wholesale and partly at retail—for fiscal years ending June 30 ¹

Commodities	1975	1974
<i>1,000 dollars</i>		
Feed	16,091	16,804
Fertilizer	20,484	19,370
Seed	2,745	3,183
Insecticides	7,140	5,602
Steel products & general supplies and equipment	<u>9,368</u>	<u>9,155</u>
Total	55,828	54,114

¹ After eliminating intracompany transfers.

Table 92 — Net sales of farm products by FBS, fiscal years ended June 30 ¹

Commodities	1975	1974
<i>1,000 dollars</i>		
Grain	118,113	103,661
Beans	42,592	57,494
Flour	3,626	5,420
Eggs	7,324	8,473
Poultry (pullets)	884	889
Cob processing	<u>168</u>	<u>262</u>
Total	172,707	176,199

¹ After eliminating intercompany transfers.

Table 93 — Distribution of net margins of FBS, fiscal years ended June 30

Distribution of net margins	1975	1974
<i>Dollars</i>		
Income taxes	970,000	1,050,000
Cash dividends on capital stock	65,986	66,620
<i>Patronage refunds:</i>		
Payable in cash	390,353	408,514
Payable in capital stock or other securities	1,524,083	1,642,601
Additions to capital reserves	<u>1,522,858</u>	<u>1,936,624</u>
Total	4,473,280	5,104,359

Table 94 — Condensed balance sheet of FBS, June 30

Item	1975	1974
<i>1,000 dollars</i>		
<i>Assets:</i>		
Current assets	37,162	34,277
Fixed assets (net)	8,359	8,082
Other assets	<u>11,402</u>	<u>6,467</u>
Total	56,923	48,826
<i>Liabilities and net worth:</i>		
Current liabilities	22,408	20,405
Noncurrent liabilities	9,980	8,430
Debentures	11,759	10,276
Capital stock & patrons' equities	<u>12,776</u>	<u>9,715</u>
Total	56,923	48,825

Table 95 — Capital stock and patrons' equities (net worth) of FBS on June 30, 1975

Item	Amount
<i>1,000 dollars</i>	
<i>Capital stock and credits:</i>	
Class A common stock	83
Class A, AAA, and B preferred stock	3,169
<i>Patrons' equities:</i>	
Allocated patronage refunds & other patrons' equity	5,764
Unallocated margins	<u>3,760</u>
Total	12,776

Table 96 — Type and capacity of principal facilities owned by FBS on June 30, 1975

	Number of plants or units	Annual operating or storage capacity and units
<i>Wholesale and manufacturing:</i>		
Farm supply warehouses	2	70,000 sq. ft.
Feed mill	1	7,000 tons
Fertilizer manufacturing plant	1	12,000 tons
Fertilizer dry blend plants	10	24,000 tons
<i>Regional marketing:</i>		
Bean processing plants	2	6.4 million bus.
Grain terminal elevators	3	
Grain plant & cob processing	—	—
Egg processing plant	1	10,000 cases
Flour mill	1	156,000 cwt.
<i>Retail:</i>		
Farm supply stores or warehouses	19	—

Farmers Petroleum Cooperative, Inc.

Farmers Petroleum Cooperative, Inc., (FPC) with headquarters in Lansing, Mich., was organized on May 12, 1948, and began operations on January 1, 1949. It was set up to handle the petroleum services which had been provided for many years by Farm Bureau Services, Inc., Lansing, Mich. It is under the same management as Farm Bureau Services.

On August 31, 1975, FPC had 36 local cooperatives and 8,749 individual farmers as members. These member cooperatives had about 18,000 members, of whom about 82 percent were farmers. It had management contracts with seven local cooperatives. It has no subsidiaries.

FPC sells petroleum and automotive supplies at wholesale to local cooperatives and retails such products through 11 FPC branches. These branches serve many individuals but most of their refined fuel volume is delivered in large tank trucks from refinery or other storage terminals direct to members' farms. FPC did not serve any nonmember associations or private dealer-agents in 1975.

Any local cooperative or individual who purchases from FPC may become a stockholder by purchasing one share of Class C voting common stock (no par value), and \$50 or more of Class A nonvoting common stock and agreeing to comply with the bylaws. Each share of Class C common stock has one vote and the Michigan Farm Bureau Federation holds a majority of the outstanding shares. Membership in the local cooperatives, however, is not limited to Farm Bureau members.

FPC has nine directors made up of five members of the Michigan Farm Bureau board and four elected at large by local member cooperatives and individuals. Their terms of office are 1 and 2 years, respectively.

Net volume of FPC during the last 2 fiscal years is shown in table 97.

These sales included 63,855,000 gallons of refined liquid fuels in fiscal 1975 and 59,435,000 gallons in fiscal 1974.

Retail sales by FPC branches were \$10,432,000 in fiscal 1975 and \$8,871,000 in 1974.

Net margins and their distribution are shown in table 98.

Total net savings of the association since beginning operations in 1949 have totaled \$9,112,098. Of this amount, FPC has paid \$1,446,615 as dividends on capital stock and on deferred

patronage credits; \$4,265,345 as cash patronage refunds; \$2,179,095 as patronage refund allocation credits; and placed \$1,221,043 in general capital reserves. In addition, FPC has paid, as expenses, \$1,827,045 worth of interest on debentures held by members. At the end of fiscal 1975, FPC's crude oil production, located mainly in Michigan and Illinois, approximated 12 percent of its daily requirements.

The financial position, net worth items, and principal properties of FPC are shown in tables 99-101.

FPC called \$143,540 of Class A stock for redemption in fiscal 1975 and \$163,920 in fiscal 1974.

FPC also had \$4,944 invested in capital stock and patronage refund credits in other cooperatives that operated manufacturing and wholesaling facilities.

On August 31, 1975, FPC had 147 employees. Of these, 11 were engaged in general and administrative work; 13 in wholesale distribution, including warehousing and transportation; 95 in retail distribution; and 28 in crude oil production, buying, and transportation.

Table 97 — Net sales—part at wholesale and part at retail—by FPC, fiscal years ended August 31

Commodities	1975	1974
	<i>1,000 dollars</i>	
Liquid fuels and other supplies ¹	23,889	19,522
Crude oil	<u>1,626</u>	<u>1,845</u>
Total	25,515	21,367

¹ Includes tires, batteries, automotive supplies, and petroleum equipment.

Table 98 — Distributions of net margins of FPC

Distribution of net margins	1975	1974
	<i>1,000 dollars</i>	
Federal income taxes	460	265
Cash dividends on capital stock	23	28
Adjustments to prior year estimates	11	16
<i>Patronage refunds:</i>		
Payable in cash	0	98
Applied on conditional sales contracts	0	95
Payable in deferred credits	0	296
Capital reserves	<u>358</u>	<u>393</u>
Total	852	1,191

Table 99 — Condensed balance sheet of FPC on August 31

Item	1975	1974
<i>1,000 dollars</i>		
<i>Assets:</i>		
Current assets	5,356	3,365
Fixed assets (net)	2,862	3,581
Other assets	1,588	0
Total	9,806	7,961
<i>Liabilities and net worth:</i>		
Current liabilities	3,503	1,946
Noncurrent liabilities	443	601
Debentures	2,670	2,283
Capital stock & patrons' equities	3,190	3,131
Total	9,806	7,961

Table 100 — Capital stock and patrons' equities of FPC on August 31

Item	1975	1974
<i>1,000 dollars</i>		
<i>Capital stock:</i>		
Class A common (nonvoting)	317	401
Class C common (voting)	29	29
<i>Patrons' equities:</i>		
Deferred patronage refunds	1,623	1,838
Capital reserves	1,221	8,863
Total	3,190	3,131

Table 101 — Type and capacity of principal properties of FPC on August 31

Properties	Size or quantity and unit
Wholesale warehouse	5,000 sq. ft.
Oil wells (in which FPC has working interests)	200 no.
Developed crude oil leases	4,000 acres
Retail branches	11 no.

Pacific Supply Cooperative

Pacific Supply Cooperative (PSC), with headquarters in Portland, Oreg., was organized December 10, 1933. On June 30, 1975, it had 67 member associations located mainly in Oregon, Washington, and Idaho, with a few in northern California, western Montana, and western Wyoming. PSC also served 33 non-member associations.

In addition, Full Circle, Inc., a wholly owned subsidiary of Pacific, operated supply and marketing facilities at 15 towns. It had 20,000 farmer-members on June 30, 1975.

In November 1969, PSC amended its articles and bylaws to provide for both individual producers and cooperatives to be members. A member cooperative must purchase a minimum of 100 shares of Class A common membership stock at \$19 a share. Also, each member cooperative must purchase additional Class A stock annually in an amount equal to 20 percent of annual net margins allocated to it by Pacific until it owns \$10,000 worth of such stock.

Each member cooperative appoints a voting delegate who is entitled to a minimum of 1 vote and a maximum of 11 votes. He is entitled to one vote for each \$100,000, or part thereof, in purchases from PSC plus one vote for each \$100,000, or part thereof, of PSC's capital reserve certificates and recorded credits; provided that no member cooperative shall be entitled to more than five votes on the basis of such purchases and to more than five votes on the basis of holdings of such reserve certificates and recorded credits.

Individual farmers become members of Full Circle, Inc., by paying a \$1 membership fee which entitles them to receive patronage refunds. Advisory committees appointed by the Full Circle board function around local facilities.

The bylaws of PSC provide for eight directors, with seven elected on a district basis for staggered terms of 3 years. One director is elected at large for a term of 3 years.

PSC had four wholly owned subsidiaries: (1) Pacific Agricultural Credit Corporation, set up in 1965, to provide production loans to commercial farm operators in the Northwest. Loans outstanding on June 30, 1975, totaled \$691,435. Its operations are not consolidated in statements of PSC; (2) Pacific Data Services, Inc., a division from 1965 until July 1, 1971, provides electronic data processing services to Pacific and 40 of its member associ-

ations; (3) Full Circle, Inc., formed July 1, 1972, to conduct retail supply and local marketing operations; and (4) Pacific-Northwest Purchasing and Sales International, Inc., formed in September 1974 to serve as PSC's international trading agency.

PSC's overall volume was \$108,970,226 for the fiscal year ending on June 30, 1975, and \$95,101,951 a year earlier. Wholesale and retail sale of supplies totaled \$89,538,163 in fiscal 1975 compared with \$69,554,450 in 1974. Wholesale value of supplies distributed the past 2 years is shown in table 102. Sales of farm products marketed by Pacific and its subsidiaries totaled \$19,432,663 in 1975 and \$25,547,501 in 1974 (table 103).⁶

Wholesale volume in fiscal 1975 included 278,403 tons of fertilizer and 66,808,731 gallons of refined fuels. Sales in fiscal 1974 included 305,840 tons of fertilizer and 68,193,994 gallons of fuels.

Retail sales of farm supplies by Full Circle, Inc., totaled \$37,385,000 in fiscal 1975, and \$32,940,000 in 1974.

Total net margins and their distribution during the past 2 years are shown in table 104. About 100 percent of the net margins in both fiscal 1975 and fiscal 1974 were derived from supply operations.

Total net savings available to patrons, after income taxes but before dividends on capital stock and interest on capital reserve certificates, since organizing through June 30, 1975, have been \$37,451,130. They were distributed as follows: Cash dividends on capital stock and interest on capital reserve certificates, \$2,690,308; cash patronage refunds, \$5,562,388; patronage refunds issued as capital stock and stock credits, \$838,650; patronage refunds issued as capital fund credits, contract membership equities, and capital reserve certificates, \$22,307,127; general reserves and retained earnings, \$4,058,043; and undivided net margins, \$1,994,614.

The amount of the above member equities (capital fund credits, capital reserve certificates, and common stock issued from refunds) that has been retired (paid in cash or equivalent) totaled \$6,458,731.

In the forepart of 1970, PSC converted all of its outstanding preferred stock (about \$3 million) into certificates of indebtedness; and it converted about \$1.7 million of common

⁶These totals vary slightly from those in annual reports due to the manner of accounting for grain marketed that was later wholesaled as feed grain.

stock and \$7.5 million of capital reserve certificates into capital fund credits.

The amounts of such equities redeemed, or authorized to be redeemed, in the past 2 years were as follows: certificates of indebtedness, \$49,075 in fiscal 1975 and \$48,475 in 1974; capital fund credits, \$808,370 in 1975 and \$771,764 in 1974; and common stock and allocated equities redeemed and adjusted, \$9,928 in 1975 and \$13,036 in 1974.

The financial position, net worth items, and principal facilities of PSC are shown in tables 105-107.

On June 30, 1975, PSC also had an investment of \$563,546 in federations of regional cooperatives that operated manufacturing and wholesaling facilities.

On this date, PSC had 484 employees. Of these, 144 were engaged in general administrative activities; 86 were in manufacturing, processing, and wholesaling, including warehousing and transportation; 240 were in retailing by Full Circle, Inc.; and 14 were in marketing farm products.

Table 102 — Supplies distributed at wholesale by PSC, fiscal years ended June 30

Commodities	1975	1974
	<i>1,000 dollars</i>	
Feed grains	1,254	1,276
Fertilizer	25,964	18,541
Seed	764	1,834
Gas, oil, grease, & fuel oil	17,602	11,839
Tires, tubes & other auto supplies	2,321	2,134
Insecticides and chemicals	4,425	3,753
Hardware and farm mechanical items ¹	8,936	8,688
Miscellaneous supplies ²	527	532
Subtotal	61,793	48,597
Transportation and service revenue	1,320	1,144
Total	63,113	49,741

¹ Includes small hardware, steel products, baling wire and twine, pumps, and irrigation equipment.

² Includes data processing sales.

Table 103 — Gross sales of farm products marketed by PSC

Commodities	1975	1974
<i>1,000 dollars</i>		
Seed	5,877	10,924
Grain	<u>3,108</u>	<u>4,013</u>
Total (excludes Full Circle)	8,985	14,937

Table 104 — Net margins and their distribution by PSC ¹

Distribution of net margins	1975	1974
<i>1,000 dollars</i>		
Provisions for income taxes	1,203	1,326
<i>Patronage refunds paid in:</i>		
Cash or equivalent	1,656	1,686
Capital fund credits	2,005	1,963
Common stock and credits	4	9
Retained earnings—unallocated	1,179	1,703
Undistributed earnings of wholly-owned subsidiary	<u>23</u>	<u>14</u>
Total	6,070	6,701

¹ Before payment of dividends on stock and interest on other certificates.

Table 105 — Condensed balance sheet of PSC, June 30

Item	1975	1974
<i>1,000 dollars</i>		
<i>Assets:</i>		
Current assets	23,300	22,332
Fixed assets (net)	9,119	8,640
Other assets and investments	<u>2,892</u>	<u>2,954</u>
Total	35,311	33,926
<i>Liabilities and net worth:</i>		
Current liabilities	10,861	11,647
Other liabilities	6,524	6,682
Net worth or member and patron equities	<u>17,926</u>	<u>15,597</u>
Total	35,311	33,926

Table 106 — Member equity (capital accounts) of PSC on June 30, 1975

Item	Amount
	<i>1,000 dollars</i>
Common stock—Class A	515
Common stock—Class B	57
Capital fund credits	11,495
Capital reserve certificates issued 1956-69	281
Undistributed earnings of a wholly owned subsidiary	118
Other allocated equities	21
Retained earnings (unallocated)	3,444
Undivided margins—to be allocated	<u>1,995</u>
Total	17,926

Table 107 — Type and capacity of principal facilities owned by Pacific on June 30, 1975

Facility	Number of plants or units
<i>Wholesaling and manufacturing:</i>	
Farm supply warehouses	2
Fertilizer warehouses	5
Wholesale seed plants	2
Liquid fertilizer plants (at locals)	—
Petroleum tank farm	1
<i>Retailing and marketing by Full Circle, Inc.:</i>	
Retail stores	15
Seed and bean plants	2
Grain elevators	2
Facilities leased to local co-ops	9

COMBINED REPORTS

Organization Aspects

Table A-1 — Date of organization

Seven cooperatives were organized from 1917 to 1929; 10 from 1931 to 1948; and 2 from 1962 to 1964.

Year organized	Number of associations organized	Year organized	Number of associations organized
1917	1	1934	1
1921	¹ 1	1935	1
1923	1	1936	2
1926	² 1	1945	2
1927	1	1948	1
1929	2	1962	³ 1
1931	1	1964	⁴ 1
1932	—		
1933	2	Total	19

¹ Consists of 2 merged cooperatives originally organized in 1914 and 1921.

² Consists of 2 merged cooperatives originally organized in 1917 and 1926.

³ Consists of 4 merged cooperatives 2 originally organized in 1927 and 2 in 1937.

⁴ Consists of 3 merged cooperatives originally organized in 1918, 1920, and 1934.

Table A-2 — Type and number of retail supply outlets served in 1975

More than 60 percent of the retail outlets were local cooperatives. Many of these also have branches.

Cooperative (initials or) short name	Local member cooperatives ¹		Non-member cooperatives ¹	Subsidiary service stores and branches	Private service agencies, dealers, or agents	Total
	Not managed	Managed				
<i>Number</i>						
Agway	0	144	15	356	332	847
CENEX	1,211	0	181	2	0	1,394
FBS	71	21	4	19	145	260
FPC	29	7	0	0	0	36
FCX	0	0	0	87	150	237
Farmland	2,086	74	0	17	0	2,177
FS	135	0	0	0	0	135
Gold Kist	0	117	2	14	10	143
GTA	² 464	0	175	263	0	902
LOL	830	0	0	9	71	910
Landmark	38	35	0	8	0	73
IFBCA	52	26	0	0	0	78
MFC	95	0	15	0	0	110
Midland	631	0	0	2	0	633
PSC	68	0	33	15	0	116
SFA	81	0	2	0	0	83
SSC	23	123	0	73	244	463
TFC	70	10	5	1	0	86
WFA	0	0	0	54	10	64
Total	5,884	557	432	920	962	8,755

¹ These also have a number of branches.

² Also, there are 263 patron associations around line-owned elevators and lumber yards listed in column 4.

Table A-3 — Number of members at end of 1975 business year

The 19 regionals directly served more than 690,000 farmers and 6,700 local cooperatives which had about 3.2 million farmer-memberships

Cooperatives	Individuals (direct)	Local cooperatives	Individual members of local coop- tives (est)	Total individuals (including some duplication)
<i>Number</i>				
Agway	116,583	144	39,000	156,083
CENEX	0	1,211	715,349	715,349
FBS	14,000	92	37,000	51,000
FPC	8,749	36	18,000	26,749
FCX	209,625	0	0	209,625
Farmland	0	2,160	500,000	500,000
FS	0	135	200,000	200,000
Gold Kist	150,000	117	120,000	270,000
GTA	0	¹ 727	300,000	300,000
LOL	12,761	830	150,000	162,761
Landmark	10,000	73	78,000	88,000
IFBCA	0	78	140,000	140,000
MFC	3,144	95	75,000	78,144
Midland	0	631	450,000	450,000
PSC	20,000	68	50,000	70,000
SFA	0	81	65,000	65,000
SSC	114,674	146	193,772	308,446
TFC	0	80	70,000	70,000
WFA	32,000	0	32,000	32,000
Total	691,536	6,704	3,233,121	3,890,657

¹ Includes 263 patron associations around line-operated elevators and lumber yards.

Table A-4 — Financial requirements for membership in 1975

Requirements for local co-ops ranged from 0 to \$1,000 and for farmers from 0 to \$25.

Cooperative	Local cooperatives			Individual farmers		
	Number of shares	Par value	Type of stock or other equity	Number of shares	Par value	Type of stock or other equity
Agway	1	\$ 25	common stock	1	\$25	common stock
CENEX	1	\$ 25	ditto	—	—	—
FBS	100	\$ 1	do.	1	\$ 1	common stock
FPC	1	no par	do.	1	no par	ditto
FCX	1	\$ 1	do.	1	\$ 1	do.
Farmland	1	\$ 25	do.	—	—	—
FS	1	no par	do.	—	—	—
Gold Kist ¹	—	—	—	—	—	—
GTA ²	—	—	—	—	—	—
LOL	1	\$1,000	common stock	1	\$ 1	common stock
Landmark	1	\$ 25	ditto	—	—	—
IFBCA	1	\$ 100	do.	—	—	—
MFC	1	\$ 5	do.	1	\$ 1	preferred stock
Midland	1	\$1,000	do.	—	—	—
PSC	100	\$ 10	do.	1	\$ 1	membership fee
SFA	1	\$ 100	do.	—	—	—
SSC	1	\$ 1	do.	1	\$ 1	common stock
TFC	1	\$ 100	do.	—	—	—
WFA	—	—	—	1	\$ 2	membership fee

¹ Must be a farmer or farmer cooperative, receive a membership certificate, and patronize Gold Kist.

² Must be a farmer or farmer cooperative, patronize GTA, and agree to a written notification and copy of the bylaws providing for consent to take patronage allocation into income. Local cooperatives also must market at least 10 percent of their agricultural products through GTA or purchase a major portion of their farm supplies through GTA during the preceding year; or if not meeting these criteria, they must buy from GTA substantially all of their needs of those supplies or products that are available from GTA.

Table A-5 — Voting provisions in 1975

Only 7 regional cooperatives provided for 1 vote per member for local cooperative or individual farmers.

Cooperative	One vote per member		One vote per share of capital stock ¹		One vote plus additional votes based on volume purchased, by member cooperative	One vote plus additional votes based on volume purchased or equities held, by member cooperative
	For each member cooperative	For each member farmer	For each member cooperative	For each member farmer		
	Check (X) indicates yes					
Agway	X	X	—	—	—	—
CENEX	—	—	—	—	²	—
FBS	—	—	³ X	³ X	—	—
FPC	—	—	X	X	—	—
FCX	—	X	—	—	—	—
Farmland	X	—	—	—	—	—
FS	—	—	X	—	—	—
Gold Kist	X	X	—	—	—	—
GTA	—	—	—	—	⁴	—
LOL	—	X	—	—	X	—
Landmark	—	—	—	—	³ X	—
IFBCA	X	—	—	—	—	—
MFC	—	—	X	⁵ X	—	—
Midland	—	—	—	—	⁶ X	—
PSC	—	X	—	—	—	⁷ X
SFA	X	—	—	—	—	—
SSC	X	X	—	—	—	—
TFC	X	—	—	—	—	—
WFA	—	X	—	—	—	—
Total	7	7	4	3	3	1

¹ Cooperative statutes in a few States permit voting on basis of stock ownership.

² 1 vote per member cooperative for each farmer-member of such local.

³ A majority of the shares of voting common stock is held by the State Farm Bureau Federation.

⁴ 1 vote per member cooperative for each farmer-member of local cooperative—with total votes limited by the percentage of local's patronage last year; and by providing for a minimum of 200 and a maximum of 2,000 votes per member.

⁵ Outstanding shares of Class B and D preferred stock held by individual farmers cannot exceed shares of Class A common and preferred held by local cooperatives.

⁶ Each Class A farmer cooperative has 1 vote plus 1 vote for each \$25,000 or major fraction thereof, of business done with Midland. Each class B nonfarmer cooperative has only 1 vote.

⁷ Each member cooperative is entitled to 1 vote plus 1 additional vote for each \$100,000, or part thereof, in purchases from PSC, plus 1 additional vote for each \$100,000, or part thereof, owned of PSC's capital reserve certificates and recorded credits, with no member entitled to more than 5 additional votes on the basis of purchases nor more than 5 additional votes on the basis of equity holdings. Individual farmers each have 1 vote in the retail subsidiary of PSC.

Table A-6 — Number of directors and methods of election

Cooperative	Directors elected by members ¹		Directors appointed ¹		Total number directors
	Number elected by districts	Number elected at large	Number	Appointed by:	
Agway	18	0	0	—	18
CENEX	11	0	0	—	11
FBC	0	6	7	Farm Bureau board	13
FCX	11	0	0	—	11
FPC	0	4	5	Farm Bureau board	9
Farmland	21	1	0	—	22
FS	13	0	3	Farm Bureau boards	16
Goldkist	12	3	0	—	15
GTA	13	0	0	—	13
IFBCA	10	0	1	Board of directors	11
Landmark	² 26	0	0	—	26
LOL	34	0	³ 2	Board of directors	36
MFC	3	6	0	—	9
Midland	15	0	0	—	15
PSC	7	1	0	—	8
SFA	13	1	0	—	14
SSC	10	0	5	Extension Service directors	15
TFC	7	0	1	Board of directors	8
WFA	16	0	1	State Dept. of Agriculture	17
Total	240	22	25		287

¹ Terms are for 3 years except FBC and FPC are for 1 year; FS are for 2 years; and PSC and TFC are for 7 years.

² This also is the Ohio Farm Bureau Federation board of directors.

³ Advisory nonvoting members.

Note: Members elected all their directors in 11 associations. Three had some directors appointed, nominated, or elected by general farm organizations, 3 had some public directors appointed by the board, and 2 by public agencies.

Two elected directors for 7-year terms; 14 associations elected directors for 3-year terms; 1 elected them for 2-year terms; and 2 elected them for 1-year terms. Four associations had their public directors appointed for 3 years; 2 had them appointed for 1-year terms.

Table A-7 — Number and type of employees of 18 cooperatives at end of 1975

Regional co-ops had about 44,000 employees with one-third in supply wholesaling and manufacturing.

Type of activity	Total number	Percent of total
General and administrative	9,975	22.9
Wholesaling, manufacturing, and processing	15,713	36.1
Local retailing and marketing	9,046	20.8
Marketing and processing farm products	8,808	20.2
Total	43,542	100.0

Table A-8 — Dates of fiscal year endings in 1975

Almost two-fifths of the cooperatives close their year on May 31 or June 30

Date	Number of associations
May 31	4
June 30	7
July 31	1
August 31	3
December 31	4
Total	19

Operating Results

Table A-9 — Types and amounts of supplies sold—part at wholesale and part at retail ¹
Feed, petroleum, and fertilizer accounted for about 80 percent of the total sales in 1975.

Type of supply	1975		1974		Percent increase, 1974 to 1975		Cooperatives reporting in:	
	Amount	Percent of total	Amount				1975	1974
	1,000 dollars	Percent	1,000 dollars		Percent	Number		
Petroleum	1,772,614	33.1	1,318,499		25.6	17	16	
Fertilizer	1,422,910	26.6	985,040		30.8	17	17	
Feed	1,067,882	19.9	1,035,669		3.0	17	17	
Pesticides and farm chemicals	267,383	5.0	203,937		23.7	12	12	
Seed	108,673	2.0	117,586		(-8.2)	13	13	
General farm & home supplies & equipment	716,847	13.4	657,191		8.3	17	17	
Total	5,356,309	100.0	4,317,922		19.4	18	18	
<i>Types of general farm and home supplies and equipment reported above:</i>								
Steel products & hardware	97,258	13.6	89,767		7.7	8	8	
Building & maintenance supplies	68,181	9.5	70,154		(-2.9)	4	4	
Tires, batteries, auto accessories	50,649	7.1	41,837		17.4	8	8	
Automated farm equipment ¹	40,611	5.7	38,493		5.2	5	5	
Plant & station equipment	35,987	5.0	36,727		(-2.0)	3	3	
Groceries & clothing	23,001	3.2	21,786		5.3	1	1	
Electrical equipment; appliances	8,281	1.2	7,894		4.5	2	2	
Chicks, poults, hatching eggs	7,860	1.1	6,872		12.6	2	2	
Transportation receipts	7,685	1.0	4,848		36.9	3	3	
Unclassified supplies ²	377,334	52.6	338,813		10.2	13	13	
Total	716,847	100.0	657,191		-8.3	17	17	

¹ Includes small amount of farm machinery and repair parts sold by 2 cooperatives.

² Includes other items listed in this section of the table plus twine, baling wire, containers, animal health products, office supplies, and lawn, garden, farm, and home supplies and equipment.

MAJOR TYPES OF SUPPLIES HANDLED BY 19 REGIONAL COOPERATIVES, 1975 AND 1974

(PERCENT)

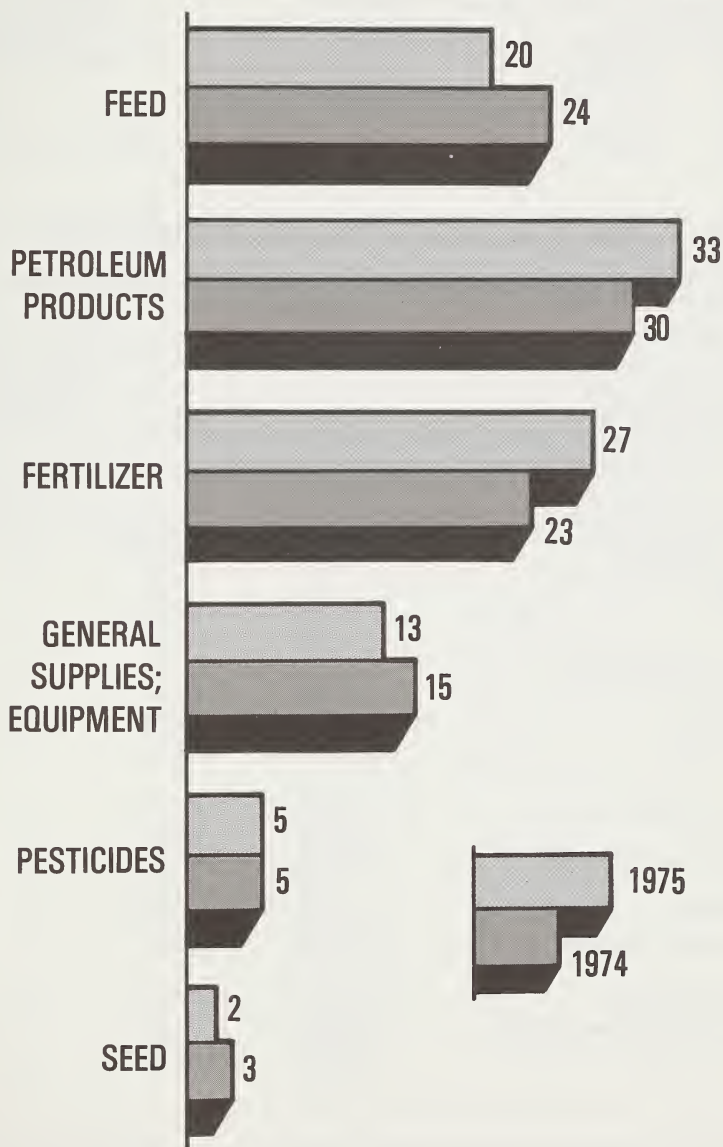


Table A-10 — Quantities of feed, fertilizer, and petroleum fuels sold by 14 cooperatives in 1975

Item	Number of cooperatives reporting	Sales and units
Feed	14	3,781,000 tons
Fertilizer	14	6,000,000 tons
Petroleum fuels	14	3,308,000,000 gallons

Table A-11 — Sales of farm products by 10 cooperatives in 1975 and 1974

Grain was the principal product marketed. Dairy, poultry, and livestock product sales also were substantial.

Farm product	1975	1974	Cooperatives reporting in 1975
	1,000 dollars		Number
Grains, soybean, rice	878,208	800,009	8
Dry edible beans	48,676	63,143	3
Tobacco	527	711	1
Seed	12,470	17,245	3
Flour	3,626	5,420	1
Fruits and vegetables:			
Processed	161,076	94,360	2
Fresh	13,193	35,449	1
Total crops	1,117,776	1,016,337	10
Poultry (mostly broilers) ¹	61,957	92,676	4
Eggs	112,561	84,163	6
Livestock and products	284,716	287,878	2
Wool	236	342	1
Unitemized	173	264	2
Total animal products ¹	459,643	465,323	8
Total gross sales	1,577,419	1,481,660	10
Less interdepartmental sales	22,190	12,894	1
Total net sales ²	1,555,229	1,468,766	10

¹ Not all cooperatives handling broilers and dairy products itemized their sales for this report.

² When sales for 2 other cooperatives are included the total becomes \$1,941,000.

Table A-12 — Retail and wholesale supply sales and net margins on supply operations*Net margins on supplies were about \$492 million, or 8.6 percent of sales, in 1975*

Item	1975		1974	
	Amount	Number reporting	Amount	Number reporting
	1,000 dollars	Number	1,000 dollars	Number
Retail sales	947,584	10	802,127	10
Wholesale sales	4,800,637	18	3,872,591	18
Total ¹	5,748,221	18	4,674,718	18
Net margins on supply operations	492,191	19	315,593	19
	Percent			
Percent of total supply sales	8.57		6.76	

¹ Totals do not check with those in Table A-10 because wholesale sales exclude transfers to retail divisions in some cases.

Note: About \$492 million, or 90 percent, of the total net margins in 1975 and \$316 million, or 77 percent, in 1974 came from supply operations. Net margins on supplies averaged about 8.6 percent on supply sales in 1975, and about 6.8 percent in 1974 for those reporting such information.

Total net margins (on all supply and marketing operations) were equal to 7.9 percent of total sales of farm supplies and farm products in 1975, and 7.0 percent in 1974. These net margins were equivalent to 38.2 percent of the cooperatives' yearend net worth in 1975 and to 34.6 percent in 1974; and equivalent to 14.4 percent of yearend total assets in 1975 and to 12.9 percent in 1974.

Table A-13 — Distribution of total net margins

About one third of net margins was paid in cash as dividends and refunds each year.

Type of distribution	1975	1974	Change from 1974 to 1975	Cooperatives reporting in:	
				1975	1974
	1,000 dollars		Percent	Number	
Cash dividends on capital stock and other equities	13,013	12,167	7.0	15	15
<i>Patronage refunds:</i>					
Paid in cash	166,029	116,061	43.1	17	18
Paid in capital stock and other forms of equity capital (excluding allocate reserves) ¹	239,843	141,596	88.0	13	12
Additions to capital reserves (allocated and unallocated)	62,281	64,844	(-4.0)	17	18
Credited to minority interests and others	12,585	50,323	(-75.2)	5	6
Income taxes	<u>50,461</u>	<u>34,059</u>	<u>48.2</u>	15	15
Total	544,212	419,050	34.0	19	19

¹ Evidenced by capital stock, certificates of equity or indebtedness, revolving fund credits, allocated member equities, and other equity holdings. Also, 14 cooperatives reported retiring in cash patronage refunds deferred in previous years under revolving capital programs which totaled \$62.4 million in 1975 and 38.0 million in 1974 (table A-14).

Note: Fifteen cooperatives reported total income taxes of \$50.5 million in 1975, and \$34.1 million in 1974. Others reported "net margins available to patrons" which represent net margins after payment of, or provisions for, Federal income taxes. Income taxes shown as paid or accrued by one cooperative cannot be used as a basis for estimating the amount of tax paid or accrued by other cooperatives.

A few cooperatives operate under a contractual obligation to distribution to *all patrons* all net margins above operating expenses and dividends on capital stock. The remainder have a contract with only their *member-patrons* to distribute net margins arising from member business. Under established legal principles, both types of contracts permit the cooperative to exclude from gross income those net margins allocated on a patronage basis and distributed in cash or in various forms of patrons' equities within prescribed time limits and other requirements.

This right of such exclusion applies equally to farmer cooperatives qualifying for so-called exemption under section 521 of the Internal Revenue Code; to farmer cooperatives that are nonexempt; and also to any other corporation or business firm. Qualifying "exempt" cooperatives are also permitted to deduct dividends on capital stock and certain extraneous income in determining their Federal income tax position. Both groups of cooperatives are subject to essentially all other taxes paid by business enterprises.

DISTRIBUTION OF NET MARGINS AVAILABLE TO PATRONS BY 19 REGIONALS, 1975 AND 1974

(\$ MILLION)

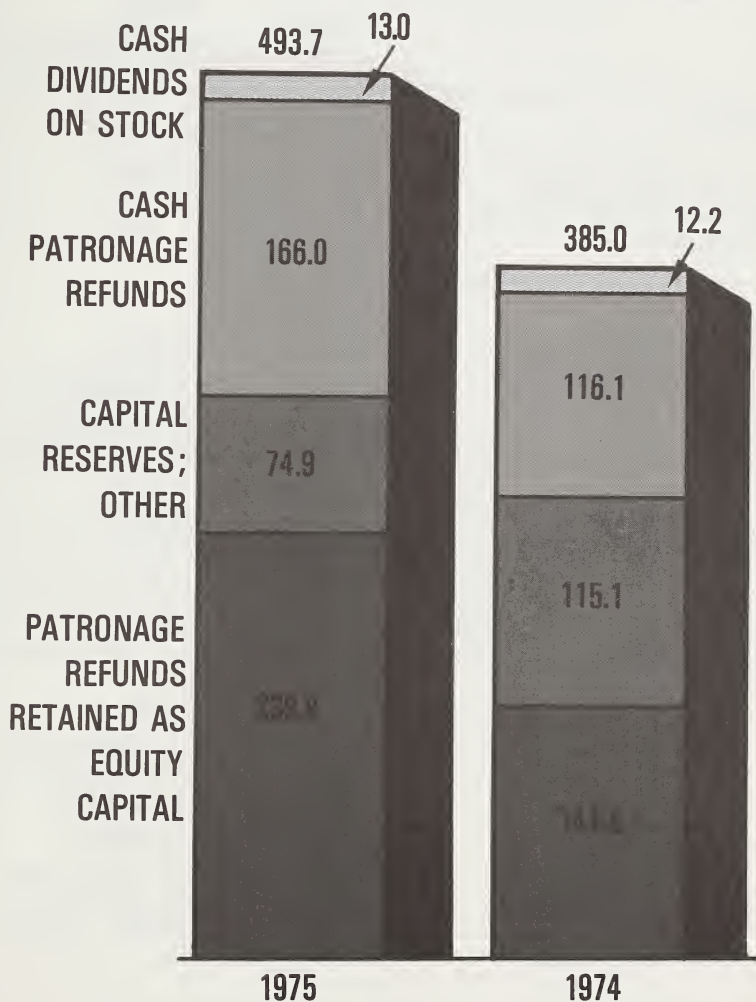


Table A-14 — Total cash payments to members and patrons of dividends on stock, patronage refunds, and retirement of revolving capital by 18 cooperatives

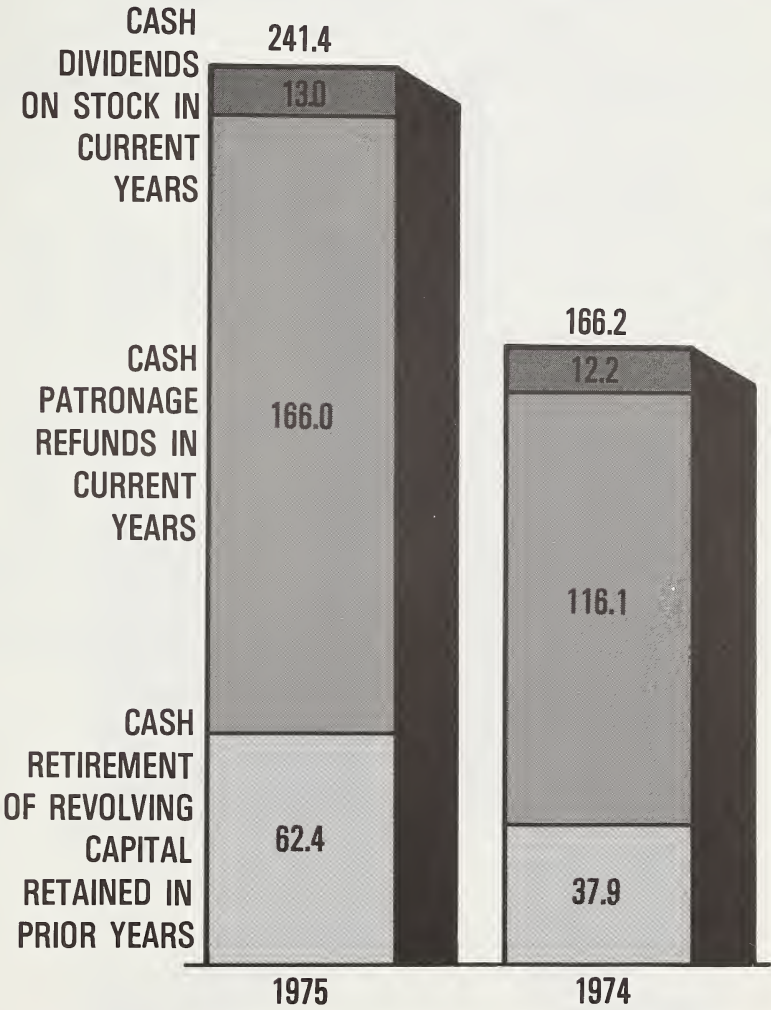
Total cash distributions were equal to about 43 percent of net margins in both 1975 and 1974.

Types of cash distribution	1975		1974	
	Amount	Cooper-	Amount	Cooper-
		atives reporting		atives reporting
	1,000		1,000	
	dollars	Number	dollars	Number
<i>Cash payments on current year's operations:</i>				
Dividends on stock and interest on other member equities	13,013	15	12,167	15
Patronage refunds on supply and farm products sales	166,029	17	116,061	18
Cash retirement of revolving capital and other member equities originating in earlier years	62,403	14	37,953	14
Total	241,445	18	166,181	18

Note: The amounts of revolving capital stock, revolving fund credits, and other equity holdings issued in prior years in payment of patronage refunds that were retired in cash totaled \$62.4 million in 1975 and \$38 million in 1974.

Fourteen of the 19 cooperatives retired some of their member capital in both 1974 and 1975. The amounts and rates are subject to the discretion of the board of directors. Three revolved some of their capital within 10 years; 4 revolved some within 10-23 years; 4 operated on a modified basis wherein a flat percent of part or all equities was redeemed; and 2 were based upon requests. Several cooperatives also met their obligation to retire debentures and certificates of indebtedness each year. Most were on a 5- to 10-year basis.

CASH PAYMENTS OF DIVIDENDS, REFUNDS, AND REVOLVING CAPITAL BY 19 REGIONALS, 1975 AND 1974 (\$ MILLION)



Financial Status

Table A-15 — Consolidated balance sheets for fiscal years ending in 1975 and 1974

Net worth exceeded \$1.4 billion and assets \$3.8 billion at close of 1975.

Item	1975		1974		Increase or decrease
	Amount	Percent of total	Amount	Percent of total	
		Pct.		Pct.	
	<i>1,000 dol.</i>	<i>Pct.</i>	<i>1,000 dol.</i>	<i>Pct.</i>	<i>Pct.</i>
<i>Assets:</i>					
Current	2,242,069	58.9	1,929,414	60.6	16.2
Fixed (net)	1,055,675	27.7	877,244	27.5	20.3
Other	<u>510,034</u>	<u>13.4</u>	<u>379,360</u>	<u>11.9</u>	<u>34.4</u>
Total	3,807,778	100.0	3,184,018	100.0	19.6
<i>Liabilities and member equities:</i>					
Current liabilities	1,431,207	37.6	1,257,322	39.5	13.8
Term loans & other liabilities	549,797	14.2	425,504	13.4	26.9
Subordinated debentures	388,965	10.2	329,903	10.3	17.9
Member equities or net worth	<u>1,437,809</u>	<u>38.0</u>	<u>1,171,289</u>	<u>36.8</u>	<u>23.6</u>
Total	3,807,778	100.0	3,184,018	100.0	19.6

Note: The combined associations had \$1.57 of current assets for every dollar of current liabilities in 1975 compared with \$1.53 in 1974.

Members' equities increased 23.6 percent from 1974 to 1975. They represented 38 percent of total assets in fiscal 1975 compared with 36.8 percent in fiscal 1974.

BALANCE SHEET OF 19 REGIONAL COOPERATIVES, END OF 1975 AND 1974

(\$ MILLION)

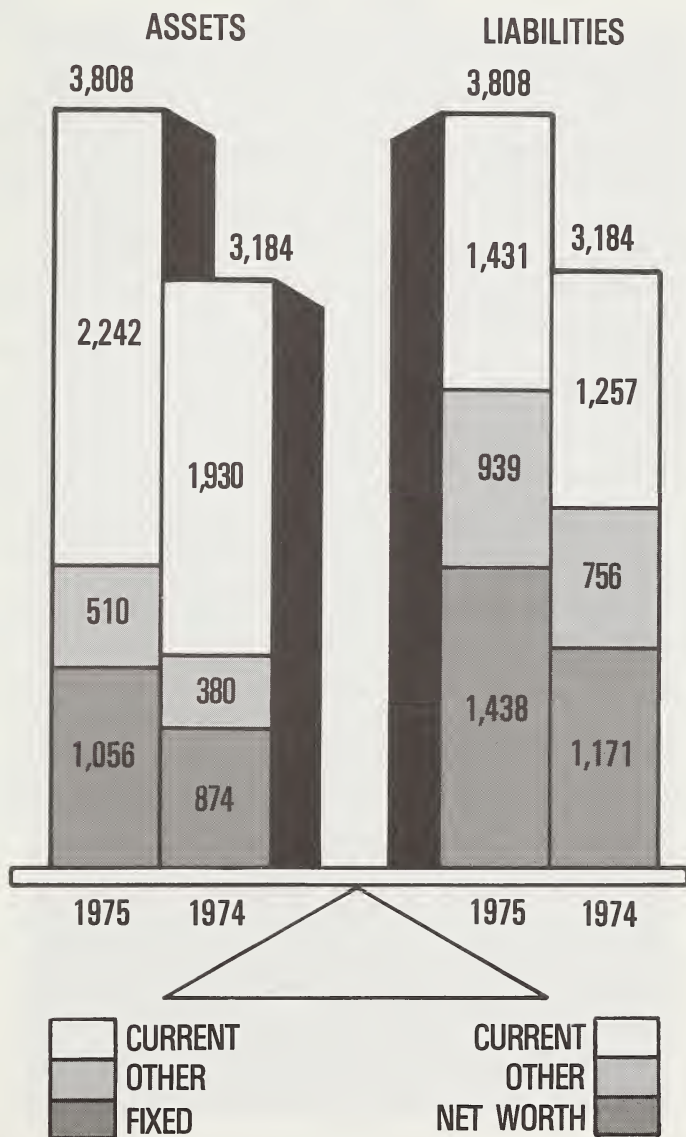


Table A-16 — Member equity or net worth items, close of 1975

Almost 60 percent of net worth consisted of capital stock.

Item	Cooperatives reporting items	Amount
	Number	1,000 dollars
<i>Capital stock and credits:</i>		
Common	17	334,555
Preferred	15	313,382
Part paid (stock credits)	3	11,578
Patronage refunds payable in stock	7	<u>185,968</u>
Total	17	845,483
Deferred refunds and other revolving fund equities, book credits, and certificates ¹	4	40,820
Member-patron equity reserves-allocated ²	11	240,377
General reserves or surplus (mostly unallocated) ³	14	129,445
Net margins and refunds for current year- undistributed	10	168,422
Other equities ⁴	5	<u>13,264</u>
Total equities other than stock	19	<u>592,321</u>
Total	19	1,437,812

¹ Includes finance funds, capital fund certificates, certificates of equity or ownership, capital reserves certificates, and capital book equities.

² Includes the following allocated items: Capital reserves general reserves, patronage credits, appropriated reserves, special permanent reserves, and contingency reserves.

³ Includes retained margins, reserves for operating capital, and special permanent reserves.

⁴ Includes nonmember capital and minority interests.

Note: The regional cooperatives reported their net worth or member equities under more than 30 names or items. These were grouped into 9 types in this table. Complete information was not obtained as to which types were allocated or unallocated to patrons and which were in a revolving capital status.

NET WORTH ITEMS OF 19 REGIONAL COOPERATIVES, END OF 1975

(\$ MILLION)

TOTAL = \$1,438

COMMON STOCK = \$335

PREFERRED STOCK = \$313

REFUNDS PAYABLE IN STOCK = \$197

DEFERRED AND REVOLVING EQUITIES = \$41

MEMBER - PATRON EQUITY RESERVES = \$240

GENERAL RESERVES OR SURPLUS = \$143

NET MARGINS UNDISTRIBUTED = \$169

Principal Facilities

Table A-17 — Type and capacity of principal facilities owned by 19 regional cooperatives in 1975

Facilities	Number of plants	Annual operating or storage capacity and unit
<i>Wholesaling and manufacturing supplies:</i>		
Distribution warehouses	66	4,307,523 sq. ft.
Feed mills	89	5,891,683 tons
Nitrogen plants	5	2,492,305 tons
Ammonium phosphate plants	2	1,041,000 tons
Petroleum refineries	7	40,295,500 bbls.
Seed processing plants	44	207,814,000 lbs.
<i>Marketing farm products:</i>		
Local or line elevators	169	26,991,000 bu.
Terminal elevators	14	35,809,000 bu.
Peanut plants	10	310,600 tons
Soybean processing plants	3	2,500,000 tons
Fruit and vegetable processing plants	16	120,000,000 cases
Egg processing plants ¹	25	9,475,000 cases
Broiler processing plants ¹	9	358,700,000 lbs.
Turkey processing plant	1	22,620,000 lbs.
Hog processing plants ²	2	1,976,000 head
Pork canning plant	1	31,800,000 lbs.
Beef packing plant	1	260,000 head

¹ Based on 1973 data in some cases.

² Not all cooperatives reported.

OTHER MAJOR COOPERATIVES HANDLING SUPPLIES IN 1975

(With supply volumes of more than
\$50 million a year)

Regional:

<i>Name and address</i>	<i>Main business</i>
Fruit Growers Supply Company, Los Angeles, Calif.	Containers
Valley Nitrogen Producers, Fresno, Calif.	Fertilizer
Mississippi Chemical Corporation, Yazoo City, Miss.	Fertilizer
Missouri Farmers Association, Inc., Columbia, Mo.	Diversified
MFA Oil Company, Columbia, Mo.	Petroleum
MFA Milling Co., Springfield, Mo.	Feed

National or Interregional:

CF Industries, Inc., Long Grove, Ill.	Fertilizer
CF Petroleum Co., Long Grove, Ill. (Name changed to Energy Cooperative, Inc. on January 1, 1977).	Petroleum
National Cooperative Refinery Association, McPherson, Kans.	Petroleum
CT Supply Co., Fremont, Calif.	Containers
Farmers Chemical Association, Tyner, Tenn. (leased to CF Industries, Inc.)	Fertilizer
Farmers Forage Research Cooperative, Lafayette, Ind.	Seed
International Energy Cooperative, Inc., Washington, D.C.	Petroleum
LVO International, Inc., Tulsa, Okla.	Crude oil

International:¹

International Petroleum Cooperative Association, New York City	Petroleum
Universal Cooperatives, Inc., Alliance, Ohio	Diversified

¹CF Industries also has Canadian cooperatives as members.

OTHER FCS PUBLICATIONS AVAILABLE

Statistics of Farmer Cooperatives, 1972-73, 1973-74, and 1974-75. Bruce Swanson and Jane H. Click. 1977. FCS Research Report 39, 51 pp.

Major Regional Cooperative Supply Operations, 1972 and 1973. J. Warren Mather. 1975. FCS Research Report 29, 57 pp.

Cooperatives' Position in Feed Manufacturing. J. Warren Mather and John M. Bailey. 1973. FCS Research Report 25, 44 pp.

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Integrated Petroleum Operations of Farmer Cooperatives, 1969. J. Warren Mather and John M. Bailey. 1971. FCS Research Report 21, 42 pp.

Approaches and Problems in Merging Cooperatives. Martin A. Abrahamsen and J. Warren Mather. 1966. FCS Information 54, 31 pp.

Supply Cooperatives. J. Warren Mather and staff. Sections of FCS Bulletin I (Under revision).

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FARMER COOPERATIVE SERVICE
U.S. DEPARTMENT OF AGRICULTURE

Farmer Cooperative Service provides research, management, and educational assistance to cooperatives to strengthen the economic position of farmers and other rural residents. It works directly with cooperative leaders and Federal and State agencies to improve organization, leadership, and operation of cooperatives and to give guidance to further development.

The Service (1) helps farmers and other rural residents obtain supplies and services at lower cost and to get better prices for products they sell; (2) advises rural residents on developing existing resources through cooperative action to enhance rural living; (3) helps cooperatives improve services and operating efficiency; (4) informs members, directors, employees, and the public on how cooperatives work and benefit their members and their communities; and (5) encourages international cooperative programs.

The Service publishes research and educational materials and issues *Farmer Cooperatives*. All programs and activities are conducted on a nondiscriminatory basis, without regard to race, creed, color, sex, or national origin.